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Thesis

THE CONTRIBUTION OF CONSUMERS' COOPERATION  
TOWARD THE SOLUTION OF CURRENT  
SOCIAL AND ECONOMIC PROBLEMS

by

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The first part of the paper discusses the  
 importance of the study and the objectives of the research.  
 The second part describes the methodology used in the study.  
 The third part presents the results of the study.  
 The fourth part discusses the implications of the findings.  
 The fifth part concludes the paper and suggests areas for further research.  
 The sixth part provides a summary of the main points.  
 The seventh part lists the references used in the study.  
 The eighth part contains the appendixes.  
 The ninth part provides a list of the authors' addresses.  
 The tenth part contains the index.

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## INTRODUCTION

Our society is faced with unemployment, sit-down strikes, exploitation, poverty in the midst of plenty, a growing international Fascism, a world armament race, and war! Now is the time to think, to write, to act, while there is still relative freedom of speech, press, and assembly. Capitalism has outlived its usefulness and is dying. We have reached the end of an epoch. We are on the threshold of the greatest social and economic transformation in business history. We will either go forward to peace and plenty for all or back to genuine scarcity and the mass murder of civil and international war. Civilization hangs in the balance for modern warfare with its airplanes, incendiary bombs, poison gas, and disease germs can destroy whole populations almost overnight. It is either dawn or doom. What we do now will determine the future. If we fail to act the forces of reaction will overwhelm us and make future action impossible.

It is in desperate times like these that the cooperative movement has risen out of its obscurity and dawned upon the consciousness of man as a ray of hope. Is such a hope real or illusory? Is cooperation a genuine step in the direction of a more abundant life for all, or is it, like a mirage on a desert, simply the empty reflection of some far off Utopia?

Can cooperation solve such specific problems as the relief of the unemployed; the protection of laborers from the exploitation of long hours, low wages, and unhealthy working conditions; and the



protection of the consumers from fraudulent advertising, poisonous products, poor quality and high prices due to the waste and duplication of a competitive system of distribution for private profit?

Can cooperation restore prosperity by increasing the purchasing power of the masses through a division of the middlemen's profits between the producers and the consumers. Would such a redistribution of wealth tend to increase spending and consumption rather than saving and investment thus removing the underlying causes of recurring "overproduction" and speculation with its inevitable credit collapse, and descending spiral of decreased production, unemployment, misery, and desperation? Are cooperative enterprises able to utilize the already accumulated capital which is seeking profitable investment? Can they cope with the growing problem of technological unemployment? Are they able to break monopolies and then distribute, rather than destroy, the resulting surpluses? In short, can consumers cooperation transform the present economy of artificial scarcity based on production for profit into a purposeful, planning economy of abundance based on production for a known demand?

Can cooperation prevent those wars which are due to the imperialistic struggle of rival nations for the unexploited raw materials and markets of the world? Can the consumers of the world unite in an international cooperative movement to so organize the market of every country that each national cooperative can produce, for a known demand, that commodity for which it is peculiarly fitted by its natural resources? Will tariff barriers then be removed and free trade be

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carried on in the form of peaceful exchange between the cooperatives of the various countries? Can these national cooperatives then break the international capitalist monopolies by authorizing their International Cooperative Wholesale Society to enter the field of production and distribution? Will this eventually result in a co-operative world of peace and plenty?

Can all these social and economic changes be carried out by the use of a voluntary, non-political type of cooperative organization relying solely on education, persuasion and democratic methods? Or will those who fear that their property, profits, privilege, and power may be reduced by even such evolutionary and non-violent changes, at once use their control of the press, the radio, education, religion, the police, the courts, and the government to suppress civil liberties by Fascist methods? If dictatorship is resorted to, will civil war and international war follow? Can civilization survive another world war?

In an attempt to answer just such crucial questions as these, this thesis has been written. Its primary purpose has been to evaluate in the light of past achievements, present tendencies and logical implications, the potential contribution of consumers' cooperation toward the solution of these current social and economic problems. An accurate appraisal of the true significance of consumers' cooperation is of supreme importance, for, if such a system offers an adequate solution of those pressing problems which threaten to involve our whole civilization in the holocaust of war, then it demands



the complete devotion of our time and talent. If, on the other hand, cooperation is too slow for a time of crisis or too easily crushed by an unfriendly government, then it is folly to devote ourselves to a false panacea which is destined to leave us disillusioned and ready to resort in desperation to a Fascist dictatorship.

Some writers have exposed the evils of capitalism; others have described the virtues of cooperation; but all too few have analyzed the multiple contributions of a growing cooperative movement in solving the particular problems of a dying capitalism. James Peter Warbasse, President of the Cooperative League of the U. S. A., has described the business superiority and cultural advantages of cooperation together with its relation to organized labor and the political state. E. R. Bowen, General Secretary of the League has emphasized the value of cooperation as a democratic method of eliminating the economic dictatorship of the profit-taking middlemen and thus distributing the plenty which power production has made possible. Toyohiko Kagawa of Japan has promoted cooperation as economic Christianity, as a means of abolishing exploitation and poverty and of building a society in which the principles of brotherhood, love, and social solidarity will lay the economic foundation for world peace. Edward A. Filene, the Boston business man who organized the Consumer Distribution Corporation, has realized that mass production for profit cannot increase, or even continue, unless it is balanced by mass consumption. Marquis W. Childs has

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found cooperation to be a controlling factor in the capitalist economy of Sweden, especially valuable in breaking monopolies and reducing prices. Horace M. Kallen, the philosopher of the cooperative movement, has traced the primacy of the consumer from its original supremacy through its decline under a perverted, producer dominated capitalism and finally into its rise in the emerging consumer's cooperative movement. He has further described the contribution of cooperation to the problems of banking, labor relations and education. Bertram B. Fowler has succeeded in illustrating the practical application of consumers' cooperation to the various needs of the American people. His presentation, more than any other, has indicated the contribution of cooperation toward the solution of specific social and economic problems. Nevertheless, the Foreign Policy Association, in its Headline Book number eight, has raised the most pertinent questions concerning the adequacy of cooperatives as an ultimate solution of our basic problems. Since the answers there given have been only suggestive, it has been the aim of this thesis to pursue the investigation to a point where more definite conclusions may justifiably be reached.

The methods of reasoning employed in this thesis have been both inductive and deductive. A careful generalization from case studies of cooperative achievements has been combined with a logical development of the implications of cooperative principles.

A social or economic problem may be defined as any obstacle which prevents the satisfaction of human needs. Similarly, cooperation



has been defined as:

A non-political and voluntary method whereby the people unite and use their resources to supply their needs. The purpose is to get the largest possible direct access to the things that people want.

Through cooperative societies the consumers perform for themselves the useful functions performed by profit business, by the political state, by charity, or by the unaided individual.

These services are--the retail distribution of commodities, such as food, clothing, personal and household needs; the supplying of services such as banking, insurance, entertainment, recreation, education, news, transportation, communication, housing, and health and property protection; the supply of electricity, gas, heat, water, and other powers; importation and trading; the manufacture, production and supply of raw materials such as metals, coal, wood, grains, fruits, vegetables, meat and milk; printing and publishing; the conduction of such useful institutions as restaurants, hotels, laundries and baths; the promotion of art, science, invention, and research; the adjustment of differences between individuals such as can be affected by arbitration; the provision of useful work for labor as a means of livelihood; and the performance of all other services and the supply of all other commodities such as a people need for their common good.<sup>1</sup>

Such a variety of services has necessitated the classification of cooperatives. According to Toyohiko Kagawa there are seven elements of value each requiring a different type of system:

For life we need health insurance and life insurance cooperatives; for labor we need producers' cooperatives; for exchange we need marketing cooperatives; for growth we need credit cooperatives or credit unions; for selection of occupation we need mutual aid cooperatives or friendly societies; for order we need public utility cooperatives; for purpose we need consumers' cooperatives.<sup>2</sup>

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<sup>1</sup> Warbasse, CD, 263-4

<sup>2</sup> Kagawa, BE, 122



The International Cooperative Alliance has listed four types:-- consumers' distributive, agricultural credit, and producers' cooperatives.<sup>3</sup> The Horace Plunkett Foundation has made the simple division of cooperation for consumption and cooperation for production.<sup>4</sup> These two main types have been sub-divided into:

- "a. Cooperative societies for production of goods
- b. Cooperative societies for production of services"
- and
- "a. Cooperative societies for the consumption of goods
- b. Cooperative societies for the consumption of services."<sup>5</sup>

Although certain societies have combined the functions of both a consumers' and a producers' cooperative, there has been a fundamental difference in viewpoint between the two types. "We are consumers by nature and producers by necessity. We are born consumers, and remain consumers all our lives. But we are not born producers."<sup>6</sup> "To be consumers is our birthright, to be producers is our bad fortune."<sup>7</sup> Hence the consumer category is not only primary but all inclusive and universal. "The association of consumers tends naturally to become an association of all mankind,"<sup>8</sup> whereas "producers' societies are necessarily self-limiting and exclusive. They are

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<sup>3</sup>Encyclopedia of the Social Sciences, Volume 4, 362

<sup>4</sup>Loc. cit.

<sup>5</sup>V. S. Alanne, FCC, 72-73, citing Smith-Gordon & O'Brien, Cooperation in Many Lands

<sup>6</sup>Kallen, DRC, preface ix

<sup>7</sup>Ibid, 94

<sup>8</sup>Ibid, 175



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necessarily associations of minorities standing in a competitive relation to each other and to the majority."<sup>9</sup> In other words, the aim of producers even when cooperating, is to make things to sell to others at a profit; whereas the aim of consumers even when producing is to make things to use themselves. Producers' cooperatives in their quest for profits may form a monopoly, restrict production, raise prices, lower wages, and sell poor quality merchandise. Like a private producer, they may be guilty of creating an artificial scarcity and resorting to the exploitation of laborer and consumer. On the other hand, consumers' cooperatives can have no motives except low prices, high quality, and genuine abundance for all.

In spite of the fact that we are all consumers, there would be nothing to consume unless something were first produced. Nevertheless, production has only an instrumental and never an intrinsic value. Adam Smith expressed this view when he declared that "Consumption is the sole end and purpose of all production;...the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer."<sup>10</sup> Yet our whole capitalistic system has been built on the fallacious assumption that production would automatically result in distribution and consumption. Nowhere has this fundamental fallacy been more clearly demonstrated than in the case of the Paris Commune of 1871 when the labor party of one

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<sup>9</sup>Loc. cit

<sup>10</sup>Adam Smith, cited by Kallen, DRC, 22



hundred and fifty thousand workers became the government and controlled the factories. Although the laborers succeeded in running the machines, they failed in six months because the bourgeois boycotted them and they had no market for their products.<sup>11</sup> Lenin and Trotsky, following the example of the Paris Commune, made the same mistake in Russia and consequently failed until they established a new economic policy reorganizing the consumers' cooperatives to buy the products of the collective farms.<sup>12</sup> "Without a system of consumption, failure is certain for lack of a market, no matter how good the system of production may be."<sup>13</sup> Hence, "if we take care of consumption, consumption will also take care of production."<sup>14</sup>

On account of the foregoing considerations, this thesis has been confined to an investigation of consumers' cooperation as the type promising the greatest contribution toward the solution of current social and economic problems. For purposes of clarity the subject has been divided into its local, national and international aspects. Such a division has been purely arbitrary for social and economic problems know no boundaries. Nevertheless, the arrangement corresponds to the actual development of the cooperative movement from local to international significance.

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<sup>11</sup>Kagawa, BE, 115

<sup>12</sup>Ibid, 78-79

<sup>13</sup>Ibid, 115

<sup>14</sup>Kallen, DRC, 185



## CHAPTER I

### CONSUMERS' COOPERATION AND LOCAL RELIEF

The contribution of consumers' cooperation toward the solution of local problems can best be ascertained by investigating a series of cases in which people have cooperated to meet their own needs. In fact, the first successful consumers' cooperative was born out of dire human need.

### THE ROCHDALE PIONEERS

In 1764 James Hargreaves invented the "Spinning Jenny", and ten years later James Watt developed the modern steam engine. In 1785 came the power loom, and eight years later the cotton gin, to be followed in two years by the use of the steam engine in the manufacture of cotton cloth.<sup>15</sup> With these inventions England passed from commercial capitalism to the stage of industrial capitalism in which the hand tools owned by the skilled artisan were replaced by complicated machines owned by the manufacturers.<sup>16</sup> As a machine operator, the wage worker became the victim of cruel exploitation.

Children toiled long hours in factories far from home; even orphanages were sometimes recruiting stations for child labor. If the children revolted against the long hours of drudgery in the factory they were whipped.

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<sup>15</sup>Davis, ClC, 6

<sup>16</sup>Alanne, FCC, 9





Wages of adults were often at the starvation point. Industrial disease and accident were considered inevitable and little effort was made to control them."<sup>17</sup>

In 1819 Peel's Act limited child labor to twelve hours a day and set the minimum age of employment at nine years.<sup>18</sup>

Moved by the misery of the masses, Robert Owen, a rich mill owner and philanthropist, shortened working hours and raised wages, urged child labor legislation, built homes, stores and schools for his employees, started an ideal community, and finally tried to give the ownership of the machines to the workers by establishing cooperative workshops.<sup>19</sup> By 1840 the Owenite societies had declined largely because of their philanthropic nature. In 1827, Doctor William King, a physician, established the Brighton Cooperative Benevolent Fund Association. Realizing the need for more education, Doctor King published, between 1828 and 1830, a monthly magazine called "The Cooperator" in which he urged the workers to set up their own stores and use the profits to build their self-governing workshops.<sup>20</sup> These stores failed because of extended credit and limited membership.

In their struggle against exploitation, the workers turned first to trades-unionism and then to the Chartist movement but without success. The years between 1840 and 1850 were known as the "hungry forties."

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<sup>17</sup>Davis, CIC, 6

<sup>18</sup>Cowling, ICC, 8

<sup>19</sup>Kallen, DRC, 116

<sup>20</sup>Ibid, 120-122

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England built her Victorian supremacy on her coal, her shipping and her manufactured cotton, but she paid a bitter price in human life and happiness for that supremacy. Nowhere were conditions worse than in these early Lancashire mills. The hours were as long as the wages were short. Men, women, and children worked from six in the morning to eight at night for a penny or two an hour. It was not life but a living death that they led. No group was more badly off than the flannel weavers. There were 1500 people in Rochdale existing on forty-five cents a week in 1841, according to a Parliamentary report.<sup>21</sup>

In the fall of 1843 the weavers struck for higher wages but they lost the strike and their leaders were discharged. Some sailed to America, but those who remained met to discuss their plight. Remembering Robert Owen and Doctor William King, they decided to try cooperation. Each one managed to save two pence a week until by October 1844 the twenty-eight weavers had a total capital of twenty-eight pounds or about \$140. They organized the Rochdale Society of Equitable Pioneers with the following aims as drawn up by Charles Howarth:

1. The establishment of a store for the sale of provisions and clothing.
2. The building of a number of houses in which those members desiring to assist each other in improving their domestic and social condition, may reside.
3. The manufacture of such articles as the Society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in wages.
4. The purchase of estates of land which shall be cultivated by the members when out of employment.
5. As soon as practicable, this Society shall proceed to arrange the powers of production, distribution, education, and government, in other words, to establish

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<sup>21</sup>Chase, STL, 5-6

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Dr. [Name] is also a member of the National Academy of Sciences. He has been awarded several awards for his work, including the [Award Name]. He is currently working on the synthesis of new materials and the study of their properties. He has published several papers in the field of chemistry and is a member of the American Chemical Society.

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a self-supporting home colony of united interests.

6. That, for the promotion of sobriety, a Temperance Hotel be opened in one of the Society's houses as soon as convenient.<sup>22</sup>

It is evident from these aims that the Rochdale Pioneers saw in their society the possibilities of an ever expanding service. They were unique in combining a Utopian goal with a practical method of approaching its realization. Those who had been reemployed after the strike received even lower wages than before. The consequent necessity of buying on credit and in small quantities resulted in high prices. Faced with the daily problem of making their meager wages buy as much as possible, they decided to start their own store. But earlier cooperative stores had failed because of selling at cost, giving credit, bad management and lack of patronage. Hence, Charles Howarth devised the following combination of rules calculated to avoid the causes of previous failure:

1. "To sell goods at prevailing local prices.
2. Restriction to a fixed rate of the interest upon capital--this interest to have first claim upon the profits.
3. The distribution of profits (after meeting expenses and interest charges) in proportion to purchases.
4. No credit--all purchases and sales to be paid for in cash when the goods were handed over.
5. Both sexes to have equality in membership rights.
6. Each member to have one vote and no more.

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<sup>22</sup>Chase, STL, 10-11





7. Regular and frequent meetings to be held for the discussion of the society's business and for receiving suggestions for improving the society's welfare.

8. Accounts to be properly kept and audited and balance sheets to be regularly presented to the members."<sup>23</sup>

On the basis of these rules which have become known as the Rochdale Principles, the twenty-eight weavers rented the ground floor of an old warehouse on Toad Lane, purchased a small stock of flour, butter, sugar, and oatmeal, and opened for business on the evening of December 21, 1844. Despite the jeers of the bobbin boys the members patronized their own store and during the first year they did \$3500 worth of business, increased their membership to seventy-four people and their capital to \$900. The net profit of \$160 was returned to the members in proportion to the amount of their purchases. The business grew until the Pioneers were able to buy their own flour mill, shoe factory, and cotton and woolen mill. The cooperative movement spread until by 1863 there were 426 societies in England. Thus cooperation helped to solve the problem of poverty not only in Rochdale but in many another local community.

#### SELF-HELP COOPERATIVES

During the depression which began in 1929 many relief agencies in the United States adopted a kind of self-help cooperation for the benefit of the unemployed. "In the midsummer of 1934 probably 50,000 families were members of bona-fide self-help organizations throughout

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<sup>23</sup>Kallen, DRC, 158

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the country."<sup>24</sup> Under the Wagner-Lewis Act, sixty-eight federal grants had been made to such groups. In California alone, where Federal grants to twenty-six groups totaled \$350,000, the State Emergency Relief Administration encouraged such productive projects as: "deep-sea fishing, canning, dehydrating, sewing, hand weaving, milling, farming, gardening, fruit growing, printing, rabbit and poultry raising, dairying, millinery, furniture manufacturing, tire retreading, baking and shoe repairing."<sup>25</sup> In this way, some sixty-five self-help cooperatives not only exchanged their products, but also bartered with farmers exchanging their surplus labor for surplus food.

The Unemployed Exchange Association of California (UXA) discovering the difficulty of satisfying customers with the direct exchange of surplus labor for surplus food, clothing, and so forth, endeavored to obtain by trade or manufacture some commodity which would have "maximum currency in trade among those possessing what the unemployed need."<sup>26</sup> They solved the problem by running a small sawmill to provide fence posts for the farmers. Thus they were able to supply themselves with food, health service, hospitalization, operations, dental and optical service.

The Ohio Surplus Relief Corporation organized with a loan of

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<sup>24</sup>Taylor and Kerr, PUPL, 106

<sup>25</sup>Ibid, 107

<sup>26</sup>Ibid, 108





\$500,000 from the Federal Surplus Relief Corporation, leased "nine idle manufacturing plants for operation by the state, the products to be issued to those on relief or exchanged with relief agencies of other states."<sup>27</sup> The unemployed were given work producing a million mattresses for their own use and the use of others on relief, but the private mattress manufacturers, fearing their competition, succeeded in stopping the project.<sup>28</sup> The Kansas Emergency Relief Administration has proposed a combination of subsistence farming, direct relief, and cooperative self-help as a means of supplying the unemployed with agricultural products, cash and rent, industrial goods and personal services.<sup>29</sup> Although these governmental attempts at the relief of the unemployed by means of self-help cooperatives may not correspond to all of the Rochdale Principles, they do have aims similar to those of the Rochdale Pioneers and are essentially a type of consumers' cooperation.

#### SHARECROPPERS AND THE DELTA COOPERATIVE FARM

Nowhere in the United States is human exploitation more cruel than among the eight million sharecroppers of the South. In 1934 average gross income of the Arkansas sharecropper and his family was estimated at \$210 a year.<sup>30</sup> "The average value of all machinery and

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<sup>27</sup>Ibid, 105

<sup>28</sup>MAEJ, 8

<sup>29</sup>Taylor and Kerr, PUPL, 105

<sup>30</sup>Eddy, DO, 9





equipment is only \$11.01 and of the livestock \$24.54."<sup>31</sup> Such conditions are the product of a system which naturally grew up after the Civil War when the plantation owners returned to find their fields overgrown with weeds and their slaves gone. "The owner was able to secure a loan for a few mules, cotton seed, and food supplies. The landless Negroes were eager to offer their labor for half the crop or less."<sup>32</sup>

Such a situation has been aggravated by the exhaustion of the soil, the boll weevil, lack of machinery and credit, high prices, exorbitant interest rates, and economic failure of both landlord and tenant until "already some two million men, women and children have been cast adrift without land or decent homes."<sup>33</sup> In desperation the sharecroppers of Poinsett County, Arkansas, organized the Southern Tenant Farmers' Union in July, 1934. The planters replied in March, 1935 with a reign of terror.

Meetings were banned and broken up; members were falsely accused, arrested and jailed, convicted on trumped up charges and thrown into prison; relief was shut off; union members were evicted from the land by the hundreds; homes were riddled with bullets from machine guns; churches were burned and schoolhouses stuffed with hay and the floors removed; highways were patrolled night and day by armed vigilantes looking for the leaders; organizers were beaten, mobbed and murdered until the entire country was terrorized."<sup>34</sup>

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<sup>31</sup>Ibid, 10

<sup>32</sup>Ibid, 8

<sup>33</sup>Eddy, DO, 11

<sup>34</sup>Eddy, DO, 21-22, citing Howard Kester, Revolt Among the Sharecroppers, 82-84

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations. The text also mentions that proper record-keeping is crucial for identifying trends and making informed decisions.

2. The second part of the document outlines the various methods used to collect and analyze data. It describes how different types of information are gathered, such as through surveys, interviews, and observations. The text also discusses the importance of using appropriate statistical techniques to interpret the data and draw meaningful conclusions.

3. The third part of the document focuses on the role of technology in modern data analysis. It highlights how various software tools and platforms have revolutionized the way data is processed and visualized. The text also mentions the importance of staying up-to-date with the latest technological advancements in the field.

4. The fourth part of the document discusses the ethical considerations surrounding data collection and analysis. It emphasizes that it is essential to ensure that all data is collected and used in a responsible and lawful manner. The text also mentions the importance of protecting sensitive information and maintaining the privacy of individuals.

5. The fifth part of the document concludes by summarizing the key points discussed throughout the document. It reiterates the importance of maintaining accurate records, using appropriate data collection methods, leveraging technology, and adhering to ethical standards. The text also mentions that these practices are essential for ensuring the success and sustainability of the organization.

6. The sixth part of the document provides a detailed overview of the various types of data that can be collected and analyzed. It discusses both quantitative and qualitative data, as well as the importance of understanding the context in which the data is being collected. The text also mentions the importance of ensuring that the data is representative and unbiased.

7. The seventh part of the document discusses the various challenges associated with data collection and analysis. It mentions issues such as data quality, data security, and the complexity of analyzing large datasets. The text also mentions the importance of having a clear plan and strategy in place before beginning the data collection process.

8. The eighth part of the document discusses the various applications of data analysis in different fields. It mentions how data analysis is used in business, healthcare, education, and social sciences. The text also mentions the importance of using data analysis to inform decision-making and improve outcomes.

9. The ninth part of the document discusses the future of data analysis. It mentions how emerging technologies such as artificial intelligence and machine learning are expected to revolutionize the field. The text also mentions the importance of continuing to research and develop new methods and tools for data analysis.

10. The tenth part of the document provides a final summary and conclusion. It reiterates the key points discussed throughout the document and emphasizes the importance of following best practices for data collection and analysis. The text also mentions that these practices are essential for ensuring the success and sustainability of the organization.

When Sherwood Eddy and a few others began to investigate the conditions in Northeastern Arkansas in March, 1936 they found "a score of white families that had been evicted from their farms because of membership in the Southern Tenant Farmers' Union, or because they had participated in its recent strike."<sup>35</sup> Next they discovered "nineteen Negro families huddled in six little tents by the side of the road."<sup>36</sup> Within half an hour after their arrival Sherwood Eddy and his companions had been arrested. "That night someone placed sticks of dynamite among the tents as a sinister warning to terrorize the Negroes."<sup>37</sup>

As soon as the investigators had been released from their arrest, they began to seek a farm where the evicted sharecroppers could be given an opportunity to help themselves. In Bolivar County, Mississippi a 2,138 acre farm with over one-thousand acres of forest and \$7500 worth of property was purchased for \$17,500. A Board of five Trustees which was organized to hold the property appointed Sam Franklin as resident Director and soon twenty-four of the most destitute families had been settled on the Delta Cooperative Farm. The whole project is governed democratically by an elected Council of five members who are subject, during the early years, to the veto of the Trustees. The Cooperative Farm is founded on four basic

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<sup>35</sup>Ibid, 29

<sup>36</sup>Loc. cit

<sup>37</sup>Ibid, 30

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend of increasing activity over time.

4. The fourth part of the document discusses the implications of the findings. It suggests that the results have significant implications for the field of study and may lead to further research in this area.

5. The fifth part of the document provides a conclusion and summarizes the key points of the study. It reiterates the importance of accurate record-keeping and the need for ongoing research in this field.



principles as follows:

1. Efficiency in Production and Economy in Finance Through the Cooperative Principle.

The Delta Farm is Organized as a producers' and consumers' cooperative (the latter on the Rochdale plan), and all members belong to both organizations. By large scale collective production, mechanized agriculture, diversified farming and industries, by the collective production of garden crops, poultry, meats and dairy products for cooperative use, we seek to avoid the prevalent evils of the system of cotton tenancy with its intolerable burden of debt.

2. Participation in the Building of a Socialized Economy of Abundance.

The Cooperative is organized to play an integral part, together with other economic and political groups, by means of education, leadership training, and the heightening of the morale of organized agricultural labor with which we are identified, in the struggle for a socialized economy. We uphold the right of collective bargaining, especially as applied to the Southern Tenant Farmers' Union.

3. The Principle of Inter-racial Justice

We aim to be loyal to the principle of inter-racial justice in enlisting the cooperation of the white and Negro races in economic activity designed to bring about their mutual betterment. Without raising the questions of "social equality," the teaching of which is specifically forbidden by the laws of Mississippi (Statute No. 1104 to 1930), we endeavor to develop a sense of solidarity and to bring the workers of both races to a realization of the necessity of facing their mutual economic problems together.

4. Realistic Religion as a Social Dynamic

As basic and fundamental to the above three principles, we endeavor to exemplify the return of Christianity to its prophetic mission of identification with the dispossessed, of bearing witness of the judgment of God in history upon the injustices of the existing economic and political order, and of aiding men to enter into the possibilities of a more



abundant life with which God has endowed His creation.<sup>38</sup>

On these principles the Cooperative has succeeded during the first ten months in selling \$18,516.98 worth of cotton and lumber, thus making a net profit of \$9,587.62, which meant an average family income of \$449.82.<sup>39</sup> Each man is rewarded according to the quality and quantity of his work. Their Consumers' Cooperative store run on the Rochdale Principles paid a patronage dividend of 9 per cent. The members have a common vegetable garden, hog farm, and poultry farm, for the supplying of their own needs. Part of the yearly proceeds from the producers cooperative is used to repay the capital investment and in this way the control and ownership of the Delta Cooperative Farm will gradually be transferred from the Trustees to the membership. "As the money is repaid it is to be invested in the next of the chain of Cooperative Farms, Incorporated."<sup>40</sup>

Although the Delta Farm is a combination producer and consumer cooperative, it has realized almost every aim of the Rochdale Pioneers. Not only has it brought economic relief to thirty families of dispossessed sharecroppers, but it has also contributed to the solution of the current social problems of racial injustice and the denial of the laborers' right to organize. By means of its educational and health programs it has aided in solving the problems of illiteracy

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<sup>38</sup>Eddy, DO, 31

<sup>39</sup>Eddy, DO, 38

<sup>40</sup>Ibid, 59

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and disease. It has given new hope and new initiative to the depressed and exploited.

"Does it not seem, that if either the physical or the psychic urgency is sufficient no level of human life in the modern world is too low to be reached and lifted by the cooperative movement?"<sup>41</sup>

Cooperation was born during the "hungry forties" in response to human need and has continued to thrive on poverty, unemployment and exploitation. Unless consumers' cooperation has begun as local relief, it has usually failed; but if it has ended with local relief it has failed to make its maximum contribution to the solution of present day problems.

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<sup>41</sup>Kallen, DRC, 418



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## CHAPTER II

### CONSUMERS' COOPERATION AND NATIONAL RECOVERY

"The final test of any institution is not what it does to make the present bearable but what it contributes to make the future possible."<sup>42</sup> It is an indisputable fact that consumers' cooperation as a form of local relief has made a very tangible contribution to human welfare, but is economic first-aid sufficient to cure the deep seated disease of dying capitalism? "Shall we rescue individual slaves and leave intact the slave system? Shall we pick up the wounded in war and leave intact the war system? Shall we pick up the derelicts of a competitive system and give them doles and leave the system to go on producing its poverty, its hates, and its exploiting imperialisms?"<sup>43</sup> It is obvious that unless consumers' cooperation cannot only lessen the severity of poverty but also remove its causes it can have little significance for our age.

Can cooperation provide both local relief and national recovery? Any adequate answer to such a question will require an analysis of the economic system which was responsible for the poverty of Rochdale, the penury of America's unemployed and the plight of the share-croppers.

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<sup>42</sup>Page, LC, 265, citing Harry F. Ward, Our Economic Morality and the Ethic of Jesus, Macmillan

<sup>43</sup>Hutchinson, SNWTC, 28, citing E. Stanley Jones, Christ's Alternative to Communism, the Abington Press.



It will be necessary to trace the development of capitalism through its various stages; to study its perversions, dilemmas, and undesirable consequences; and to investigate not only the actual but also the potential contribution of consumers' cooperation toward both the mitigation of specific evils and the removal of their basic causes.

#### DEVELOPMENT OF CAPITALISM

As the Roman Empire declined and its highways, aqueducts, and canals fell into disrepair, transportation and communication ceased, and economic interdependence was replaced by isolated, self-sufficient manorial communities in which serfs exchanged their land and labor for the protection of their feudal lords whose consequent accumulation of land resulted in the first stage of capitalism. Although the laborer owned his own tools it was necessarily an age of scarcity, in which he produced only enough for his immediate use because any surplus would soon spoil if stored, and could not be marketed because of the impassable roads. Under such conditions security was limited by the whims of nature. "Thus rich harvests could not mean wealth; poor harvests, rain or drought often meant famine, disease and death."<sup>44</sup> The development of a division of labor within this domestic, agricultural economy gave rise to independent craftsmen, who freed from the land of the feudal lord, tended to wander about and join others

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<sup>44</sup>Kallen, DRC, 33





of a similar trade to form the various guilds of the medieval town. This is known as the custom-order period because "all goods were custom-made; few in number, of negligible variety, and of known quality. The market was personal; the relation between the maker, who was also the seller, and the buyer, who was also the user, was a personal face-to-face relation."<sup>45</sup>

This specialized craftsmanship of the guilds coupled with the development of trade routes after the Crusades, widened the town economy and ushered in the retail order stage of commercial capitalism in which, because surpluses could be traded, most goods were "ready-made" to sell in a far away market to an unknown consumer, rather than "custom-made" to be used by the producer himself or one of his neighbors. With trade came not only an increase in the number and variety of goods, but also a need for a medium of exchange and credit. Capital accumulated in the hands of merchants and money lenders who "began to purchase the raw materials and hire the craftsmen to finish the product, after which it was sold by the wealthy class so as still further to augment their surplus."<sup>46</sup> In this way the craftsmen began to lose control over the marketing of his finished product and the producer began to be separated from the consumer by the wedge of profit with the resultant tendency toward inferior quality.

This process was hastened by the invention of the fly shuttle,

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<sup>45</sup>Kallen, DRC, 35

<sup>46</sup>Davis, CIC, 5

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TO: THE DIRECTOR, NATIONAL BUREAU OF STANDARDS  
WASHINGTON, D.C. 20535

FROM: DR. J. H. DUNN, JR.  
DIRECTOR, NATIONAL BUREAU OF STANDARDS  
WASHINGTON, D.C. 20535

SUBJECT: A. J. DUNN, JR.  
RESEARCH ASSISTANT

DATE: JANUARY 1, 1964

RE: A. J. DUNN, JR.  
RESEARCH ASSISTANT

RE: A. J. DUNN, JR.  
RESEARCH ASSISTANT

RE: A. J. DUNN, JR.  
RESEARCH ASSISTANT

the "Spinning Jenny", the steam engine, the power loom, and the cotton gin which gave rise to industrial capitalism. During this stage the skilled craftsmen, who had previously lost control of their product, but still retained the ownership of their hand tools were displaced by the competition of cheaper goods produced by expensive machines which were owned not by their unskilled operators but by those merchants who had grown wealthy during the preceeding period of commercial capitalism. With machine production, came larger quantities of goods and the need for new markets which developed a national economy in which the manufacturing capitalist sold to retail merchants rather than directly to consumers. In this way "the continuity of movement from production to consumption had been broken: 'the consumer was now to the producer an unknown alien, an abstract, impersonal profit-provider existing only for the producer's advantage. Selling changed from a means of distributing goods for people to consume to a device for assembling profits for the producer to possess."<sup>47</sup>

Thus the industrial revolution drove a depersonalizing wedge of private profit not only between producer and consumer but also between machine operator and machine owner. Under the stress of competition between manufacturers the consumer may have benefited by lower prices but the owner-producer was careful to take his profit even though the worker-producer might suffer from lowered wages.

Although the industrial revolution was accompanied by hideous

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<sup>47</sup>Kallen, DRC, 51



exploitation,<sup>48</sup> it actually brought a greater abundance which was soon nullified by a tremendous increase in population with its eventual competition for jobs and further reduction in wages. These facts led Thomas Malthus to believe that population increased in a geometric ratio, while the food supply increased in an arithmetic ratio. Hence he concluded that scarcity, not abundance, was the inevitable lot of men unless they could be taught not to reproduce too rapidly. This conclusion of Malthus has been antiquated, if not wholly invalidated, not only by the use of contraceptives but also by the tremendous advance in the science of agronomy.

In fact the logical outcome of the industrial revolution was a transformation of natural scarcity into scientific abundance. According to the theory of the open market system, the price of any article is supposed to fluctuate according to the law of supply and demand. In other words, the greater the supply in relation to the demand, the lower is the price. Such a system is supposed to work automatically so that "the money on hand is always sufficient to buy whatever goods are for sale."<sup>49</sup> Although greatly praised by many economists, the open market system has never become world wide because it would automatically level all prices and all standards of living. To protect their own high standards many countries have therefore erected tariff barriers which make an international open market impossible.

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<sup>48</sup>See pages 1-3 of this thesis.

<sup>49</sup>Loeb, PFU, 57



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PROFESSOR J. H. GOLDSTEIN  
DEPARTMENT OF CHEMISTRY  
UNIVERSITY OF CHICAGO

530 CHICAGO HALL  
CHICAGO, ILLINOIS 60637  
U.S.A.

DEAR PROFESSOR GOLDSTEIN:  
I have the pleasure to inform you that your letter of the 10th of  
January has been received.

I am sorry that I cannot give you a more definite answer at  
this time, but I am sure that you will understand my position.

I am sure that you will find the enclosed report of interest.  
I am sure that you will find it of interest.

I am sure that you will find it of interest.  
I am sure that you will find it of interest.

I am sure that you will find it of interest.  
I am sure that you will find it of interest.

Furthermore, an open market would require that each country produce only those commodities for which it was best fitted by nature, but such a situation is contrary to that self-sufficiency which each nation prizes as a means of defense. But more fundamental still is the fact that the open market presupposes the freedom of all prices, whereas the price of debt-interest cannot fluctuate according to the law of supply and demand because debt is a contractual relationship in which the interest rate is fixed in advance. Thus

"if the producer is unable to sell his goods in the market at the hoped-for price, he is supposed according to the theory of the open market to lower his price until it is low enough to tempt the buyers to purchase. But if one of the most important items is fixed, his ability to lower prices without going bankrupt is definitely limited."<sup>50</sup>

But in spite of this limit below which the open market system could not function to reduce prices, there was always a wide range of operation above this limit so long as the demand exceeded the supply. Moreover, it was assumed that this would always be the case, for human wants were supposed to be indefinitely extensible. Yet with the coming of machine production the increasing supply of certain articles began to overtake the demand of those who had money enough to supply their wants. Since no profit is possible unless a commodity can be sold, prices had to be reduced in order to attract more buyers. Although a lower price meant less profit per unit, the total profit for the producer might be even greater when selling a large quantity at a small margin of profit than when selling a small quantity at a large margin of profit. Nevertheless,

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<sup>50</sup>Loeb, PFU, 60



if the supply should become so great in proportion to the demand that the price per unit were forced down to the actual cost of production, profit would be impossible no matter how many units were sold. In other words, under an open price system, profit can be made only in an economy of scarcity where the demand exceeds the supply. In a machine age of power production, where the supply tends always to increase, there are but two possible ways to maintain the scarcity relation of supply to demand, and thus preserve the profit system, namely, to increase the demand or to reduce the supply.

Driven by the necessity for a greater demand if prices and profits were to be maintained, the merchant manufacturers of industrial England sought foreign markets in the form of colonies thus ushering in the stage of imperialistic capitalism. America was colonized by trading companies because it served as a source of raw materials and a market for manufactured products.

In the new world capitalism developed through the same stages as it had in Europe. In the beginning were agricultural settlements where men worked by hand or with the aid of animals to produce what they needed. Barter was the prevalent custom. With the growth of large estates, especially in the South, came the period of land capitalism. Soon the trade in corn, flax, flour, furs, hemp, peas, cotton, tobacco and rum led to merchant capitalism.<sup>51</sup> Despite the efforts of English manufacturers to preserve their new world markets

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<sup>51</sup>  
Davis, CIC, 8





by preventing the use of machinery in America, the stage of industrial capitalism was inevitable. The fact that the profits of a capitalistic enterprise go to the stockholders tended toward the concentration of wealth in the hands of the few, who, because they could not spend all they received, saved a large proportion of their income with the result that it was again invested in productive enterprises and hastened the development of the country. Moreover, the rich natural resources of the United States provided an abundance of raw materials, and the rapidly growing population provided cheap labor.

But under the free competition of the open market system the price of labor, like that of any other commodity, fluctuates according to the law of supply and demand, hence the increasing supply of workers tended to lower each man's wages to the starvation point. To prevent such a catastrophe, the laborers, instead of competing with one another, combine to form a union, which, because it tends to limit the supply of workers, can be used to bargain collectively for higher wages.

But higher wages will mean an increased cost of production and consequently a smaller profit for the owner producer. If he is to maintain his margin of profit, he must either raise prices or break the power of the labor union. Under the open market system, a rise in price will allow his competitor to undersell him, secure his customers, and force him out of business. Consequently, the owner-producer chooses the other alternative and refuses to bargain with the workers whereupon they strike and he responds by the use of "scabs", strike-breakers, industrial spies, the blacklist, company



unions or court injunctions. If these tactics fail the employer "will endeavor to bribe his employees by welfare arrangements, sales of stock, group insurance and analagous benefits."<sup>52</sup> In case the union cannot be broken, the employer must raise prices, but to prevent the resulting competition which would force him out of business, he combines with other employers to fix the level of prices by mutual agreement. "Such producers' association set the price level of their products on the basis of what the least competent and weakest member of the group can produce for."<sup>53</sup> In this way the inefficient enterprises are kept in business while the more efficient make a greater profit. Thus the early capitalism of competition in the open market where only the fit survived and the public always benefitted by lower prices has tended inevitably, because of mass production, technological improvement and unemployment, to be perverted by an administered price system.

In our industrial society with its high degree of specialization, barter has become difficult if not impossible. "The worker in a factory making auto parts cannot take a bolt or a frame to the baker and get bread."<sup>54</sup> Thus with our growing interdependence, the medium of exchange has assumed greater and greater significance until the making of a money profit seems more important than the making of things to use. Then as business transactions have grown larger,

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<sup>52</sup>Kallen, DRC, 68

<sup>53</sup>Ibid, 69

<sup>54</sup>Goslin, RMPM, 20

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coined money as a medium of exchange has become as inconvenient as the direct barter of goods; hence coin has been stored and replaced by paper in the form of a "bank-note, a government treasury note, a corporation bond, a mortgage, a stock certificate, a personal check, a promissory note, and so on."<sup>54</sup>

Thus by means of credit, promoters have formed great corporations which used other people's money to exploit the natural resources. In this way industrial capitalism has been followed by finance capitalism. The legitimate function of financiers is to facilitate the movement of capital by the exchange of securities, but in so doing they have secured "inside information" by which they were able to manipulate the market to their own advantage. By giving a failing corporation an appearance of prosperity, they can sell their own holdings to the unsuspecting public, or on the other hand, buy up the stocks of a prospering corporation at a very low price by simply giving it an appearance of failure which produces a panic of selling among its stockholders. Not only has the control of corporations been so centralized by the method of pyramiding stock ownership that "the 200 largest, comprising 42 railroads, 52 public utility systems, and 106 industries, control roughly 50 per cent of all the nonbanking corporate assets in the United States"<sup>55</sup> but also some 120 of these giant corporations are themselves controlled by the eight largest banks in New York City, through a spider web of interlocking

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<sup>54</sup>Kallen, DRC, 73

<sup>55</sup>Davis, CIC, 64



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directorships. In 1929 corporations made about seven times as much profit as individual business men, "and only 6 per cent of the corporations did 90 per cent of the business. More than half of all the profits were made by one half of one per cent of the companies."<sup>56</sup>

"The New York Edison Company while discharging employees, increased the salaries of the principle officers from \$149,000 in 1931 to \$230,000 in 1932, an increase of 70 per cent. During the same period they cut wages by \$1,300,000 and maintained 12 per cent dividends."<sup>57</sup>

Even the dividends have not been widely distributed for "in an average year there are only five million stockholders in the country. In 1927, 345,000 of them received 55 per cent of all the dividends. Over 90 per cent of the dividends went to people who did not work for wages."<sup>58</sup> In 1929, some 600,000 families had incomes above \$10,000, while six million families had incomes below \$1,000.<sup>59</sup> "Roughly 36,000 families at the top received as much as 11,500,000 families at the bottom of the social scale."<sup>60</sup>

#### THE DILEMMA OF CAPITALISM

Such a distribution of wealth has caused first, the dilemma of capitalism or the inability of the people to buy what was produced;

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<sup>56</sup>Goslin, RMPM, 30

<sup>57</sup>Davis, CIC, 80

<sup>58</sup>Goslin, loc. cit.

<sup>59</sup>Brookings Report, "Fortune", (Vol. XII, Number 5) November, 1935, Reprinted by the Maurice and Laura Folk Foundation of Pittsburgh, Pennsylvania. Page 11 in the reprint.

<sup>60</sup>Davis, CIC, 183

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and second, the perversion of capitalism or the restriction of production to the existing buying power of the people.

The present distribution of the national income has resulted in over-investment and under-consumption, because the rich cannot spend what they do have, and the poor cannot spend what they do not have. It was once assumed that those who received high incomes gave much to hospitals, libraries, colleges, churches and scientific foundations, but "the total gifts of all who file income tax returns has never amounted to as much as 2 per cent of their incomes, even in prosperous years."<sup>61</sup> Since there is a physical limit to the amount of food, clothing, and shelter that even the rich can use at any given time, and since they have given away very little of their income, a large proportion of it has been saved. In fact, "Two thirds of the entire savings (\$15,000,000,000) made in 1929, for example, were made by that 2.3 per cent minority of the population having incomes in excess of \$10,000."<sup>62</sup> When money was saved it simply furnished a fund which might, if profit appeared possible, be borrowed by business men and used in the building of new productive machinery, thus giving work and wages to the masses who spent much and saved little. This system provided the capital necessary for the development of industry in the United States. It worked reasonably well as long as goods were scarce and the population was rapidly increasing for under such conditions profit was usually possible

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<sup>61</sup>Goslin, RMPM, 31

<sup>62</sup>Brookings Report, op. cit. 12





since the demand tended to exceed the supply.

But even in its infancy, capitalism was afflicted with periodic strokes of depression because if the owner of an enterprise were to make a profit he would have to sell his products for more than it cost him to produce them, which simply meant that the workers could never be paid enough to buy back what they produced. Thus, whenever the methods of mass production caused the increasing supply to overtake the demand unsaleable surpluses accumulated. Because no profit could be made unless goods were sold, the manufacturer would reduce production, with the result that either the laborers were obliged to work only part time at part pay or else some were discharged with no pay. In either case their purchasing power was reduced and they were able to buy even less than before. Because of this decreased demand the owner had more surpluses than ever and was obliged under the profit system, to stop production entirely. Deprived of their employment, and hence of their wages, the workers could buy even less than before.

When thus faced with starvation, some of the unemployed moved to the western frontier. "Indeed, as late as 1860 the United States government owned over one half of all the land area of the country (1,048,111,608 acres) and it was willing to give this land away for a song or even for mere settlement."<sup>63</sup> Here the former factory workers could not only feed themselves by farming but also produce

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<sup>63</sup>Davis, CIC, 8

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
JANUARY 1964  
MEMORANDUM FOR THE RECORD  
SUBJECT: [Illegible]  
[Illegible text follows in several paragraphs, including mentions of "the following", "the results", and "the data".]

Very truly yours,  
[Illegible Signature]

an agricultural surplus which could be sold in exchange for the manufactures surplus of the East. In this way the demand again exceeds the supply, factories reopened, workers were reemployed, and the nation recovered from one depression only to begin again the process of mass production for profit which would create another.

Recovery from depression was possible so long as there was a western frontier which could be used to create an increasing demand, that is, an expanding market. About 1900, however, the frontier became filled up and a depression ensued. With home markets gone, the capitalists had to seek foreign markets which were greatly expanded by the World War. After the War, this unnatural demand ceased and another depression followed. Because of the steady progress of technology which replaced workers by machines each depression tended to be worse than the one before. In their frantic search for new markets, the capitalist resorted to advertising, high pressure salesmanship, and installment selling. Still the demand would not exceed the possible supply. In fact, only about 80 per cent of our potential product capacity was being used.<sup>64</sup> Yet people continued to save their money even though the bankers could find no productive enterprise in which to invest it. Under such circumstances, the only way bankers could make a profit was to speculate. This they proceeded to do, and the more stocks they bought, the higher went the prices.

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<sup>64</sup>Brookings Report, op. cit., 9

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part outlines the various methods and tools used to collect and analyze data. It mentions the use of surveys, interviews, and focus groups to gather information from stakeholders. Additionally, it discusses the application of statistical software to process and interpret the collected data.

3. The third part describes the results of the data analysis. It highlights the key findings and trends observed, such as the increasing demand for certain services and the declining interest in others. These insights are used to inform strategic decision-making and resource allocation.

4. The fourth part provides a detailed breakdown of the financial performance. It includes a comparison of actual results against the budgeted figures, identifying areas of over- and under-spending. This analysis helps in understanding the financial health and identifying potential risks or opportunities for improvement.

5. The fifth part discusses the overall conclusions and recommendations. It summarizes the main points of the report and provides actionable suggestions for future actions. These may include implementing new initiatives, revising existing policies, or seeking external support for certain projects.

6. The final part of the document is a concluding statement, reiterating the commitment to continuous improvement and the importance of staying updated with the latest industry trends and technologies.

"In 1925 the value of all the stocks listed in the New York Stock Exchange was 27 billion. In 1928 it was 49 billions. In September, 1929, it was 89 billions. And then one day in October the bubble burst and 14 billion dollars went whistling out of Wall Street. By 1932, the value of the stocks had sunk to 15 billion dollars. And the savings were gone!"<sup>65</sup>

This was the inherent dilemma of capitalism: it could produce but not distribute, and unless it did distribute it could not produce. By making a profit for the few, capitalism deprived the many of the very purchasing power on which the whole system depended. But since an increase in purchasing power restores prosperity and preserves the profit system, capitalism has been able to prolongate its life, in an age of abundance which it built but cannot live in, only by resorting to various methods of artificial respiration which have temporarily helped to increase the demand. But in spite of frequent style changes, the production of a wide variety of luxury items, and the making of inferior goods which soon wear out and need to be replaced, the demand could not be induced, because the people lacked purchasing power.

An increase in property income, that is, interest or rent cannot mean an increase in the total purchasing power of the nation for if some are to receive an increase in rent, others must pay it. Furthermore it is usually the poor who pay rent to the rich thus resulting in a still greater tendency toward saving rather than spending.

An increase in profits cannot result in greater national purchasing power for one person's gain is eventually another's loss,<sup>66</sup>

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<sup>65</sup>Goslin, RMPM, 36

<sup>66</sup>Loeb, PFU, 83





and the gains go largely to the rich.<sup>67</sup>

An increase in wages could result in greater buying power only if an individual's wages were raised or if more laborers were hired to do the same work, or both. In any case, the producers would add the wage increase to the price and nothing would be gained. To hire more workers is contrary to the trend of modern technology which is replacing men by machines.

Purchasing power can be temporarily increased by issuing bank credit as was done in 1933, '34 and '35 when banks in exchange for United States bonds, gave the government this new money which was then given to failing business, failing banks and the unemployed.<sup>68</sup> But such credit is only an added burden of debt when our "total debt is nearly 250 billion dollars or \$2000 for every man, woman, and child in the country. The interest on this amount is at least 10 billion dollars or one-fourth of our national income."<sup>69</sup> This means that 25 cents out of every dollar goes to pay interest on debt leaving only 75 cents to spend on the necessities of life.

How then can the capitalistic system be saved from its dilemma? The Brookings Report suggests that prices be reduced while money wages are maintained. This appears to be a just method of distributing savings to all purchasers whether rural or urban but although

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<sup>67</sup>Goslin, RMPM, 30

<sup>68</sup>Loeb, op. cit. 80

<sup>69</sup>Goslin, RMPM, 38

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the efficiency of workers has increased 18 per cent<sup>70</sup> the decline in prices has been negligible because the free competition of the open market stage of capitalism had gradually been perverted by the administered price system.

#### THE PERVERSION OF CAPITALISM

The natural tendency of capitalism to lower prices and thus steal the customers of competitors was accompanied by a reduction of wages since they were the only variable item in the cost of production. The cost of debt interest had been fixed by contract, and the cost of materials had been fixed by the wage already paid to other workers earlier in the process. This reduction in wages caused workers to organize and enforce an artificially high wage. This, in turn, caused the owners to raise prices if they were to make a profit, but for one producer alone to raise prices, or even to raise them sooner than other producers, allowed his competitors to steal his customers. Therefore the producer-owners also organized in trade associations, in unified monopolies or vertical trusts under a single management, and in cartels or horizontal trusts known as collective monopolies.<sup>71</sup> Although monopolies may make more profit by increasing their efficiency, this saving is not necessarily passed on to the consumer in lower prices, because monopolies are not run for the benefit of the public but for the profit of the owners, hence prices

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<sup>70</sup>Brookings Report, op. cit., 34

<sup>71</sup>Ibid, 36





are set at that level at which they will yield the greatest profit. In fact, price-fixing is the only method by which a profit can be assured in an age of abundance, for if prices were allowed to fluctuate according to the law of supply and demand, mass production would soon make the supply larger than the demand and the price would automatically drop to the cost of production or even less thus making a profit impossible and a loss quite probable.

According to the theory of *laissez-faire*, such an over-supply should cause certain producers to turn to other types of business activity where there was still an under-supply and hence a profit. But as technology progressed, everything became more plentiful until few existing articles were permanently scarce. Moreover, there appeared to be no new industries to which manufacturers might turn as they had turned in previous depressions to the construction of railroads, the supply of war materials, and the building of automobiles.<sup>72</sup> Temporary shortages of certain commodities might occur but modern mass production with its complicated machinery and specialized equipment made it both difficult and costly if not absolutely impossible for a manufacturer to change continually from one type of product to another in pursuit of the profit which accompanied an undersupply.<sup>73</sup> The foregoing considerations together with the very nature of certain industries such as steel which require continuous production, and the physical limits of competition as in the case of railroads, help to

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<sup>72</sup>Loeb, PFU, 98-99

<sup>73</sup>Ibid, 94-95



explain the formation of both horizontal monopolies by which prices are fixed directly through collective agreement, and vertical monopolies by which prices are fixed indirectly through control of the supply.

Although this policy of price fixing is understandable, it is not justifiable for it will never restore prosperity. It may preserve a profit for the few but only at the expense of scarcity for the many. Although the open market system did exploit low prices; whereas the administered price system does benefit owner-producers by high profits and may benefit worker-producers by high wages, but necessarily exploits everyone by high prices. Furthermore, in an open market system "a drop in buying power (due to financial disaster such as occurred in 1930-33) is compensated by a drop in prices--an expedient which makes it possible to maintain full production,"<sup>74</sup> but under a perverted capitalism in which the price is administered by monopolies, a reduction in buying power inevitably results in lowered production unless in some way the purchasing power can be increased. In other words, this policy of price fixing has resulted in a perversion of our economic system so that "instead of productive ability governing buying power, as is the case when prices are free, it is buying power that comes to govern the rate of production."<sup>75</sup>

It is conceivable, however, that the world's supply of goods and services might sometime be greater than its inhabitants could use, in which case it would be justifiable to reduce the supply. But the

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<sup>74</sup>Loeb, PFU, 91

<sup>75</sup>Ibid, 77

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present so-called "over-production" represents unsalable, not unusable goods. In other words, the supply of certain commodities has merely exceeded the existing purchasing power, but not the actual human need. This is clearly shown by the fact that if, in 1929, we had divided all the clothing equally among the people in the country "every man and boy during the entire year would have had one-half of a suit, one-sixth of an overcoat, three shirts, one-half of a sweater, two and one-ninth hats. For every woman and girl there would have been two-fifths of a coat, one-half of a sweater, two and one-third hats, and three and two-thirds dresses."<sup>76</sup>

But how much is actually needed? Are we now producing enough of anything? Are we now capable of producing enough of everything? In an effort to answer such questions a project called the National Survey of Potential Product Capacity was set up by the CWA in 1934. In order to estimate the needs of the people, the National Survey listed the desired goods and services in the form of a Budget which assumed for each family the food of the Liberal Diet as determined by the United States Department of Agriculture, the amount and type of clothing purchased by members of the professional class in Berkeley, California in 1929, and housing sufficient to provide for each person the use of a room and a half on the average. For transportation, "6 million cars a year were budgeted, sufficient to provide a car a family, assuming only a five-year life per car"<sup>77</sup> and also a fifty per cent increase in public agency travel. The National Survey also

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<sup>76</sup> Goslin, RMPM, 10

<sup>77</sup> Loeb, PFU, 20





budgetted \$42 worth of medical service per person per year, three times the present amount of education, and twice the recreation now enjoyed.

The Budget was then translated into terms of 1929 market values and compared with the value of what was actually produced in 1929.

The results were as follows:

ITEM	"1929 Production (What we produced)	Budget Value (What we should have produced)
Foods . . . . .	\$26,919,235,000	\$30,692,000,000
Wearing Apparel . . . . .	10,176,959,000	16,769,300,000
Housing, etc. . . . .	25,339,358,000	29,700,500,000*
Transportation . . . . .	11,291,334,000	14,484,219,000
Personal. . . . .	6,905,060,000	8,985,000,000
Health . . . . .	3,256,799,000	5,111,000,000
Education . . . . .	1,472,187,000**	12,612,000,000
Recreation . . . . .	6,218,390,000	12,187,000,000
Miscellaneous . . . . .	4,973,572,000	4,975,000,000
TOTAL	<u>\$96,552,894,000</u>	<u>\$135,516,000,000</u>

Note\*-This figure includes only the rent of the new houses which could be built in one year. The housing budget would eventually approach 50 billion dollars.

Note\*\*-Public education is not included in the production column since it is paid for out of taxes and is therefore already included largely under housing cost." <sup>78</sup>

The above chart indicates that despite the so-called "over-production of 1929" we actually failed to produce enough of anything. What was the cause of this failure to produce what we needed? To answer this question the National Survey made a study of the natural resources, existing equipment, and customary man-power, which disclosed that all of these items were now available in sufficient quantities to produce all the goods and services listed in the Budget. In other

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<sup>78</sup>Loeb, PFU, 26



words, every family in the United States could now be provided with an average of \$4,370 worth of goods and services per year as follows:

"ITEM	Per Family of 4.02 Persons
"Food . . . . .	.\$ 990
Wearing Apparel . . . . .	540
Housing, etc. . . . .	958
Transportation . . . . .	467
Personal . . . . .	290
Health . . . . .	165
Education . . . . .	407
Recreation . . . . .	393
Miscellaneous . . . . .	160
	<u>\$4,370</u> " 79

Although such abundance is physically possible, it cannot become actual under the perverted capitalism of our administered price system unless a purchasing power of \$4,370 can be distributed to each and every family. But that very policy of preserving profit by fixing prices prevents an equal distribution of purchasing power and unless income is equally distributed all the goods and services produced will not be purchased, and if they are not sold, no more will be produced. In other words, we can only produce the abundance which technology has made possible as we are willing to distribute it more and more widely. Mass production cannot continue without mass consumption. We must choose between profit and plenty. Profit is only possible when things are scarce, but mass production tends to make everything plentiful. Hence we have blindly resorted to an artificial scarcity in order to preserve profit.<sup>80</sup> Ten million acres of cotton and forty million acres of wheat were removed from production, and a million hogs were killed although many people were insufficiently fed and clothed. In fact, by the policy of non-production we have between 1929 and 1933 alone cheated

<sup>79</sup> Loeb, PFU, 48

<sup>80</sup> Kallen, DEC, 86-87





ourselves out of 286 billion dollars worth of goods and services which were needed and could have been produced.<sup>81</sup>

The colossal stupidity of enforcing scarcity by destroying or not producing the things we need is due to our false association of profit and prosperity. Profit may be preserved by reducing the supply, but prosperity can only be achieved by increasing the purchasing power. Our present condition and the choice which it demands has been summarized by Stuart Chase in these words:

"One can live forty days without food, four days without water, but not four minutes without air. Which is the more valuable commodity? But air is so abundant it cannot be capitalized and sold. Every commodity made by modern mass production is headed toward the status of air. Sooner or later it will reach a point where it will not function in a profit economy founded on scarcity. Overproduction, unmanageable surpluses, show that many commodities have already reached that point. It is, then, either a new system consistent with the age of power, or back a hundred terrible years to genuine scarcity."<sup>82</sup>

#### THE CONTRIBUTION OF CONSUMER'S COOPERATION

To this key problem of increased purchasing power on which the release of production depends, consumer's cooperation contributes a method of solution. By virtue of its Rochdale principle of distributing all "profits" or surplus-savings in proportion to purchases, a cooperative society increases the buying power of its members. According to the theory which underlies this cooperative principle of patron-

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<sup>81</sup> Loeb, PFU, 53

<sup>82</sup> Goslin, RMPM, vii

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age rebates, the surpluses of a business should be divided neither among the stockholders nor among the workers, but among the consumers who created the surplus by paying too much.<sup>83</sup>

Yet it is not by paying low wages to its employees that a cooperative society is able to make savings for its members; on the contrary, cooperatives emphasize fair treatment of labor as illustrated by the fact that the Indiana Farm Bureau Cooperative Association buys its coal from mines maintaining good wages and living conditions.<sup>84</sup> Furthermore cooperatives themselves usually pay higher wages than their competitors, as in the case of the United Cooperative Society at Maynard, Massachusetts, where the wages are higher than those paid by the chain stores in the same community and only four of the forty cooperative employees receive less than \$20.00 per week.<sup>85</sup> Consumer's Cooperative Services, a chain of eleven cafeterias in New York City, which did a business of \$395,000 in 1935 and returned \$18,000 in earnings to its members, offered its existing wage scale to the N. R. A. code authorities as a model, but it was too high. Nevertheless, C. C. S. continued to maintain higher wages and shorter hours than those set by the code. Furthermore, C. C. S. has laid down the rule that "the highest salary paid to an executive or officer shall not be more than five times that of the lowest wage paid an employee."<sup>86</sup>

This tendency to distribute the wealth by paying high wages to the workers instead of exorbitant salaries to executives is also found in

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<sup>83</sup> Warbasse, CD, 17

<sup>84</sup> Hutchinson, SNWTC, 14

<sup>85</sup> Fowler, CCA, 116

<sup>86</sup> Ibid, 243





such gigantic institutions as the English Cooperative Wholesale Society with an annual business of half a billion dollars which is managed by a board of twenty-eight full time directors each receiving about \$3600 a year.<sup>87</sup> Even Albin Johansson, director of the Kooperativa Förbundet, one of the largest business organizations in Sweden, receives a salary of only \$5,000 a year.<sup>88</sup> Such modest salaries as these, when compared with the \$2,500,000 income of President Hill of the American Tobacco Company,<sup>89</sup> reveal one source of the savings which cooperatives are able to return to their members in partonage refunds.

But the greatest cooperative savings are secured by the elimination of the long line of middlemen's profits between producer and consumer. This process by which a consumers' cooperative can progressively eliminate the toll of private profit-taking has usually begun when some person, realizing the need of cooperation, has persuaded his friends to study the subject and form a buying club through which they could save money by pooling their orders and securing their common necessities in wholesale quantities. If the members of such a buying club are willing not only to use their homes for the storage of merchandise, but also to volunteer their time for its distribution, their immediate savings will be much greater than from a small store; but unless they do establish a store their possible expansion is definitely limited and the private wholesales may even refuse to sell to them. Hence, when a buying club, or a group of such clubs, have reached a total membership of seventy-five to two hundred families, a cooperative store

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<sup>87</sup> Cowden, TCE, 9-11

<sup>88</sup> Childs, SMW, 18

<sup>89</sup> Davis, CIC, 80





has usually been opened although immediate savings might thereby have been sacrificed as in the case of the United Cooperative Society of Maynard, Massachusetts, which was started in 1907 by a group of sixty-five Finnish factory workers who allowed their surplus savings to remain in the reserve fund during the first eight years. In this way the society has gradually grown until today it has 1025 members who own their own main grocery store and meat market, a new branch store with soda fountain and luncheonette as well as grocery and meat departments, a bakery, a milk-pasteurizing plant, a gasoline service station, a coal yard, a fuel oil storage tank, grain and feed department, and a paint and hardware store.<sup>90</sup> Their total volume of business in 1935 was \$392,719.18 and of this \$17,045.35 was returned to members as a 4-1/3% rebate on purchases.<sup>91</sup>

When several such stores have been started, even greater savings can be secured, if they pool their orders and eventually form their own cooperative wholesale. This step may be hastened by the refusal of private wholesales to sell to cooperatives. During the world war, when food was being rationed, the private wholesales allowed greater quantities to be distributed to private retailers than to cooperatives with the result that representatives from cooperative stores in Minnesota, Wisconsin, and Michigan met at Superior, Wisconsin, on July 30, 1917 to discuss a pool-buying arrangement but soon decided to organize a regular cooperative wholesale. A collection of \$15.50 was taken at the meeting and fifteen cooperative stores pledged to subscribe for

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<sup>90</sup> 1936 Yearbook of the Cooperative League of the U.S.A., 131

<sup>91</sup> United Cooperative Society of Maynard, Mass. 58th Report, 2, and 19



capital stock. Today the Central Cooperative Wholesale has a capital of \$200,000 and in 1935 the sales amounted to \$2,185,244.91. During its eighteen years of existence it has handled \$20,000,000 worth of merchandise and returned some \$300,000 in savings to its member stores.<sup>92</sup>

That such savings are possible when a cooperative wholesale buys directly from packers and manufacturers and distributes at cost to its member stores is clearly indicated by a Senate Investigation in 1931 which "discovered that a certain farm machine manufacturer spent more to get the finished machine from the factory to the farmer than it cost to manufacture the same machine."<sup>93</sup> That the consumers, once organized, can save these tremendous profits of middleman monopoly by dealing directly with producers is illustrated by the farmers of Ohio and Indiana who, upon finding themselves exploited by a fertilizer monopoly which had fixed prices at \$34.00 a ton, pooled their orders through their Farm Bureaus and endeavored to secure lower prices through bulk orders and cash payments but were repulsed by a leader in the monopoly who replied,

"I do not intend to wreck my sales organization and

throw down my agents for any bunch of scab farmers."<sup>94</sup>

After this rebuff the farmers ordered some southern fertilizer at \$21.00 a ton, but it hardened into rock-like lumps unless used at once. The monopoly had reduced its price to \$20.00 a ton, but the farmers were determined to secure their own supply and finally located a copper-

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<sup>92</sup> 1936 Yearbook of the Cooperative League of USA, 66  
<sup>93</sup> Hutchinson, SNWTC, 44  
<sup>94</sup> Fowler, CCA, 66

1. The first part of the document is a letter from the President of the United States to the Congress.

2. The second part is a report from the Secretary of the Treasury on the state of the Union.

3. The third part is a report from the Secretary of the Navy on the state of the Navy.

4. The fourth part is a report from the Secretary of the War on the state of the War.

5. The fifth part is a report from the Secretary of the Interior on the state of the Interior.

6. The sixth part is a report from the Secretary of the Agriculture on the state of the Agriculture.

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8. The eighth part is a report from the Secretary of the Education on the state of the Education.

9. The ninth part is a report from the Secretary of the Health on the state of the Health.

10. The tenth part is a report from the Secretary of the Labor on the state of the Labor.

11. The eleventh part is a report from the Secretary of the Finance on the state of the Finance.

12. The twelfth part is a report from the Secretary of the Justice on the state of the Justice.

13. The thirteenth part is a report from the Secretary of the State on the state of the State.

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18. The eighteenth part is a report from the Secretary of the Commerce on the state of the Commerce.

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24. The twenty-fourth part is a report from the Secretary of the State on the state of the State.



mining company in Tennessee which had surplus sulphuric acid as a by-product. The Tennessee Corporation was formed to use this sulphuric acid in the manufacture of fertilizer for the farmers who set their own formulas and specifications for quality, bought the entire output of the plant for cash on delivery, and distributed it among themselves, thus saving the manufacturer the cost of an advertising department, a high-pressure sales force and a collection department. In consideration of these advantages, the manufacturer agreed to return to the co-operatives at the end of each year one-half of his profit.<sup>95</sup>

This same method of cooperation by which consumers continually increase their purchasing power by progressively eliminating first, the profits of the middlemen, and finally the profits of producers, has successfully been applied to the oil business. That the tremendous profits of private oil companies have robbed farmers of their purchasing power and burdened them with debt is indicated by the fact that "one major oil company in 1929 took \$275,000,000 in profits out of the Middle Western States,"<sup>96</sup> and this amount was equal to the total assessed valuation of two whole counties in Wisconsin.<sup>97</sup> In self-defense consumers have organized over 1500 oil cooperatives by which they have been able to pay themselves patronage dividends as high as twenty per cent.<sup>98</sup> The great oil companies retaliated with a price war which was calculated to run the cooperatives out of business, but the shrewd cooperators in the community where this was attempted

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<sup>95</sup> Fowler, CCA, 70

<sup>96</sup> Ibid, 19

<sup>97</sup> Ibid, 20

<sup>98</sup> Ibid, 25



also lowered their prices until the private oil company sold at less than cost; then the cooperators temporarily closed their own station and bought all their gasoline from the private company until it was forced to raise the price, whereupon the cooperators again opened their station and patronized it as usual.<sup>99</sup>

Failing in the strategy of price war, the big oil companies attempted to prevent the scattered cooperative oil stations from getting their orders filled, but this only forced the cooperatives to pool their orders as was done in Minneapolis, Minnesota where the Midland Cooperative Wholesale was started without capital in 1926 and during its first year "handled 580 tank cars of gasoline worth \$269,862.78 and made a saving to the associations of \$3,473.07"<sup>100</sup> Today over 150 associations purchase through the Midland Cooperative Wholesale which operates its own oil-blending plant, sells CO-OP brand tires, batteries, and auto accessories, and did a business of \$968,000 in the first six months of 1935.<sup>101</sup>

The refusal of a large private oil company in North Kansas City to bother with the small business of the Consumers' Cooperative Association forced that small wholesale to begin blending its own oil thus removing another of the middleman's profits. By 1935, the private oil company had failed, with the result that its compounding plant which had cost \$245,000 in 1926 was purchased at a bankruptcy sale for \$55,500 by the Consumers' Cooperative Association which then

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<sup>99</sup>Ibid, 28

<sup>100</sup>1936 Yearbook of the Cooperative League, 175

<sup>101</sup>Fowler, CCA, 31

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1801. It is a very important document, as it is the first time that the President has addressed the Congress since the establishment of the office.

2. The second part of the document is a report from the Secretary of the Navy, dated January 1, 1801. It contains information about the state of the Navy and the ships that are in service.

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6. The sixth part of the document is a report from the Secretary of the State, dated January 1, 1801. It contains information about the state of the State and the relations with other countries.



had 313 affiliated cooperatives, 52 employees and a sales volume of \$2,646,750.62. This association now plans to handle lumber, wire and fencing, to add a grocery department, and to manufacture house paint and farm machinery.<sup>102</sup>

The growing difficulty encountered by cooperative wholesales in securing satisfactory oil contracts with private companies led in February 1933 to the organization of National Cooperatives, Inc. as a federation of eight regional wholesales which are in turn owned and controlled by some nine hundred retail cooperatives which serve over 500,000 families in more than twenty-five states.<sup>103</sup> The chief purpose of the National Cooperatives Inc. is as follows:

"To purchase, manufacture, produce, and distribute cooperatively for and to consumer cooperative wholesale purchasing associations any or all goods, wares, merchandise and/or services consumed or used by such associations or the members, stockholders or patrons thereof,...and to do any such thing anywhere in the world."<sup>104</sup>

National Cooperatives Inc. has already saved its member associations many thousands of dollars by securing large-scale profit-sharing contracts with the manufacturers of petroleum products, tires, tubes, and batteries. It has its own automobile tire molds and its own "CO-OP" trade mark.<sup>105</sup> It also handles farm machinery, tractors and binder twine. In 1935, the aggregate volume of sales amounted to \$25,438,409.11 and the aggregate savings to \$619,585.12.<sup>106</sup>

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<sup>102</sup>1936 Yearbook of the Cooperative League, 116-124

<sup>103</sup>1936 Yearbook of the Cooperative League, 63

<sup>104</sup>Ibid, 64

<sup>105</sup>Randall and Daggett, CCACS, 313-315

<sup>106</sup>1936 Yearbook Cooperative League, 260



1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that the study of history is essential for a full understanding of the present and for the development of a sense of national identity.

2. The second part of the paper discusses the role of the federal government in the development of the United States. It is argued that the federal government has played a central role in the development of the country, and that its actions have shaped the nation's history.

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5. The fifth part of the paper discusses the role of the future in the development of the United States. It is argued that the future is a time of great opportunity, and that the actions of the present will shape the nation's future.

6. The sixth part of the paper discusses the role of the past in the development of the United States. It is argued that the past is a source of wisdom, and that the actions of the present should be guided by the lessons of the past.

7. The seventh part of the paper discusses the role of the present in the development of the United States. It is argued that the present is a time of great opportunity, and that the actions of the present will shape the nation's future.

Still greater savings for consumers can be secured by such an organization as National Cooperatives, Inc. when in addition to pooling purchases and making contracts, it can enter the field of production and eventually own the sources of its raw materials thus eliminating not only the profits of middlemen but also the profits of producers. Although this step from wholesaling to production may be hastened artificially by the refusal of private manufacturers to sell to a cooperative, it usually occurs in the natural course of expansion, for when the entire output of a privately owned factory is being purchased by a cooperative wholesale, the cooperative will soon be in a position to buy the factory itself and produce for use.

That consumers when organized cooperatively can actually own not only the agencies of retail distribution but also the wholesales, factories, transportation facilities, raw materials, and banks is clearly illustrated by the experience of the English Cooperative Wholesale Society which was formed in 1863 and is now the largest wholesale organization in the world. But the C.W.S. is far more than a wholesale for it owns 140 mills, factories, workshops and processing plants where 37,065 employees produce about one-third of all the commodities sold through the wholesale. These articles include: packed groceries, poultry, bacon, flour, biscuits, cakes, butter, cheese, preserves, underwear, shirts, clothing, overalls, hosiery, shoes, hats, umbrellas, blankets, furniture, paint, hardware, soap, washing machines, cycles, coal wagons, and automobiles. Despite the amazing variety of commodities, there is close coordination among the various departments for "when animals are slaughtered for cooperative meat



shops their skins are consigned to C.W.S. tanneries to be made into C.W.S. boots and shoes."<sup>108</sup> Not only is the C.W.S. the largest manufacturer of shoes, the greatest purchaser of Canadian wheat, one of the three major flour millers and next to the largest producer of soap, but it also owns busses, steamships, a coal mine, 34,000 acres of farm land in England and palm olive estates in West Africa.<sup>109</sup>

The English and Scottish cooperators through a joint wholesale conduct a Cooperative Insurance Society which has made since the war "more rapid progress than any other insurance company in Great Britain"<sup>110</sup> In addition, the England and Scottish Joint C.W.S. not only buys, grades, packs, and distributes tea, coffee, and cocoa, but also operates in India and Ceylon its own tea plantations which in 1934 covered 35,124 acres with a reserve of 19,322 acres, and produced a crop amounting to 5,623,431 pounds.<sup>111</sup>

Such large scale operations required the establishment of a C.W.S. Bank in order that the money which is deposited by retail cooperative societies, labor unions, various institutions and individuals might be used not to finance private profit business for the benefit of a few speculating stockholders, but to finance cooperative enterprises for the benefit of all consumers. In spite of the fact that account holders must not compete in any way with the cooperative movement, the C.W.S. Bank now handles more than 34,000 accounts and its

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<sup>108</sup>Randall and Daggett, CCACS, 40-41

<sup>109</sup>Warbasse, CD, 31-32

<sup>110</sup>Randall and Daggett, CCACS, 44

<sup>111</sup>Ibid, 45





deposits and withdrawals average \$60,000,000 per day.<sup>112</sup> In fact, the banking department of the C.W.S. "does a business equal to the fourth largest bank in England"<sup>113</sup> and the retail cooperative societies serve as convenient and economical branches.

In this way the C.W.S. with its trade of \$550,000,000 per year serves as wholesale merchant manufacturer, importer and financier for its 1040 affiliated societies with their six million individual members who represent about one-half of the families in Great Britain.<sup>114</sup> That this meant increased purchasing power even during the depression is shown by the fact that the English cooperatives not only returned to their members \$600,000,000 in patronage dividends between 1929 and 1934,<sup>115</sup> but also raised wages and increased their number of employees by 26,815 between 1929 and 1932.<sup>116</sup> Usually, however, such benefits are limited to members of cooperatives because one of the Rochdale principles requires the selling of goods at prevailing local prices. In other words, no immediate cash savings can be secured by patronizing a cooperative store. The buyer can save money only by becoming eligible for dividends through the purchase of one or more shares of stock which entitle him to membership in the society. According to another of the Rochdale principles,

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<sup>113</sup>Goslin, Headline Book #8, Cooperatives, 14

<sup>114</sup>Randall and Daggett, CCACS, 36 and 52

<sup>115</sup>Goslin, Headline Book #8, Cooperatives, 17

<sup>116</sup>Cowden, A Trip to Cooperative Europe, 3

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27. The twenty-seventh part is a report from the Secretary of the Interior on the state of the Interior.

28. The twenty-eighth part is a report from the Secretary of the Agriculture on the state of the Agriculture.

29. The twenty-ninth part is a report from the Secretary of the Commerce on the state of the Commerce.

30. The thirtieth part is a report from the Secretary of the Education on the state of the Education.

a consumers' cooperative society preserves open unlimited and voluntary membership. Since we are all consumers no one is barred from a cooperative society for reasons of race, creed, color, class, sex, or nationality.

Despite the ease with which a prospective buyer may join the society, certain cooperatives have extended their benefits to the whole population either by paying rebates to non-members or by selling at less than the current market prices. In the United States this first practice was stopped by the N.R.A. which restricted the payment of dividends to members only. Consequently, some cooperatives devoted the surplus savings accruing from non-member business to reserve funds, education or expansion,<sup>118</sup> while others allowed non-members to join the society by crediting the surplus savings from the patronage of each applicant toward the purchase of his initial share capital.<sup>119</sup> In Sweden, this second practice of underselling competitors was primarily an effort to establish a reasonable price in the face of the exorbitant charges of private monopolies, and only secondarily an attempt to secure more customers by the attractive offer of immediate cash savings.<sup>120</sup> Although "price-cutting" is a violation of one of the Rochdale principles, it may be justified as a method of breaking monopolies and thereby increasing the purchasing power of all the people. The fixing of a reasonable price is true to the spirit and aims of the Rochdale Pioneers if not

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<sup>118</sup>Fowler, CCA, 242

<sup>119</sup>United Cooperative Society of Maynard, 58th Report, 10

<sup>120</sup>Childs, SMW, 1 and 15

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to the letter of their rules which were formulated before the problem of monopoly became acute. In fact, the original reason for selling at prevailing local prices was to avoid repeating the failures of earlier cooperatives which had sold at cost plus handling expenses with the disastrous results that there were no allowances for unpredictable variations in costs, no surplus reserves for expansion and no means of maintaining the loyal patronage of members upon which every cooperative depends for its continued success.

In Sweden these pitfalls of cost selling have been avoided and at the same time the purchasing power of the whole population has been increased by the lower prices which the cooperatives have made universal. These facts have been clearly demonstrated by the trust breaking activities of the Kooperativa Forbundet, (Cooperative Union) familiarly known as K.F., which was organized in 1899 as a purchasing agency for the small retail cooperatives. But private profit business objected and the "retail merchants first succeeded, by threat of boycott, in forcing wholesalers to refuse any further business with K.F."<sup>121</sup> Consequently K.F. was forced not only to buy directly from producers at home and abroad but also to establish its own warehouse and become a wholesaler. The private retailers then formed a "protective association" and again attempted to boycott K.F. by securing the support of powerful cartels one of which controlled the price of margarine. The Cooperative Union met the challenge by purchasing its own margarine factory, whereupon the cartel immediately lowered its price. Undaunted, the Union, with a total capital of only

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<sup>121</sup>Childs, SMW, 3



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\$35,000, raised \$15,000 more by selling bonds at less than \$3 each and with these resources continued the price war until by 1911 the cartel was broken and a reasonable price established for margarine.<sup>122</sup>

Strengthened by its victory K.F. next attacked the predatory flour-milling trust which reaped profits ranging from 23 to 33 per cent. In 1922 K.F. was able to purchase the Tre Kronor (Three Crowns) flour mill in Stockholm harbor, which became, after its remodeling in 1924, the most efficient mill in Sweden. During the ensuing price war, the milling cartel sold flour for less than the cost of production but the retail cooperative stores and their faithful members remained loyal and enabled K.F. to buy another large flour mill, the Tre Lejon (Three Lions) with the result that "less than two years after K.F. began to manufacture flour, the cartel was painfully attempting to adjust its prices to cooperative prices and never quite succeeding, for the cooperative price remained from twelve to twenty-five cents a sack below the trust price."<sup>123</sup>

In 1926 the cooperative congress of Sweden voted to attack the galosh monopoly by which four firms had made a profit of over \$12,500,000 in less than fourteen years on a capital of less than \$1,000,000.<sup>124</sup> The cartel reacted to this vote by making the price fifty cents less, but the cooperators were still unsatisfied and tried to buy a galosh factory, whereupon the cartel refused to sell at a reasonable price, and the cooperators replied by threatening to build a factory of their

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<sup>122</sup>Childs, SMW, 4

<sup>123</sup>Childs, SMW, 6

<sup>124</sup>Goslin, Headline Book #8 Cooperatives, 27



own. At this, the cartel agreed to sell and K.F. bought the Gisloved rubber factory. In less than a year after K.F. had begun production, the price of galoshes had dropped another seventy cents and in fact sold for less than one-half the original cartel price. In 1932 this same rubber factory produced in addition to galoshes over fifty thousand K.F. automobile tires which are standard equipment on all the cars produced by the one and only Swedish automobile factory.<sup>125</sup>

In much the same way K.F. has broken monopolies in sugar, soap, chocolate, cash registers, fertilizer and electric light bulbs. With each triumph has come increased purchasing power not only in the form of rebates to cooperative members, but also in the form of lower prices to all consumers. In fact, this "price-cutting", monopoly-destroying policy of K.F. with its annual business of \$100,000,000 and its 635 affiliated societies with their 550,675 members representing one-third of the families of Sweden may contribute proportionately more to the increase of national purchasing power than the "market-price" policy of the English Cooperative Wholesale Society with its annual business of \$550,000,000 and its 1040 affiliated societies with their six million members representing one-half of the families of Great Britain.

In fact, the recovery of Sweden from economic depression has been most remarkable for as early as 1934 the index of industrial production was above the 1929 level and the number of unemployed totaled less than one per cent of the population.<sup>126</sup> Although it is not claimed that

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<sup>125</sup> Cowden, A Trip to Cooperative Europe, 25

<sup>126</sup> Childs, SMW, 145





cooperation has been solely responsible for this national recovery, it is reasonable to suppose that it contributed to the increase of purchasing power not only by tending to prevent the monopoly concentration of capital but also by building several new factories during the depression.<sup>127</sup>

A sufficiently large development of consumers' cooperation combining the trust breaking, "price-cutting" feature of Sweden and the cooperative ownership of factories, transportation facilities, raw materials and banks as in England would undoubtedly make a significant contribution to the national recovery of the United States. That the prices charged by American business have been unnecessarily high is shown by the fact that "among 2,046 larger cooperations covering about sixty-two industries, the rate of profit increase was about 2.3 per cent annually. The actual return in 1929 was 12.8 per cent."<sup>128</sup> Moreover these profits were not needed in the business as indicated by the fact that dividends increased, surpluses remained relatively constant and there was an abundance of credit available. That the profits of middlemen have been even greater than the profits of producers is especially clear in the following instance: "A farmer growing choice western apples received \$1.18 for a box. The shipping and transportation companies received \$1.07. The jobber received \$0.49, the wholesaler received \$0.39, the retailer received \$1.87, and the consumer paid \$5 for the box."<sup>129</sup>

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<sup>127</sup> Ibid, 158

<sup>128</sup> Brookings Report, 40

<sup>129</sup> Davis, CIC, 155

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The exploited consumers can prevent these exorbitant charges of both producer and middleman monopoly by organizing retail, wholesale and producers' cooperatives together with banking and transportation services. In this way the consumers can restore to themselves the profits which now accrue from production, transportation, processing, warehousing, jobbing, banking, and retailing.<sup>130</sup> Furthermore, since the consumers produce for their own use, which constitutes a known demand, they are able to eliminate almost entirely the tremendous toll of speculation, salesmen's commissions, and advertising. To have the money now spent on advertising alone would increase a consumer's purchasing power for "the advertising bill of General Motors Corporation in 1928 was over \$20,000,000 while that of the American Tobacco Company was \$12,000,000"<sup>131</sup> Of course, it is often argued that advertising increases sales, expands business and creates more employment, but no amount of advertising can increase sales unless people have purchasing power with which to buy.

In fact, mass purchasing power will always be inadequate as long as a few owners keep the profits created by the many purchasers who paid too much. The consumers themselves can help to solve this problem by organizing cooperatively to supply their own needs. At first it might be thought that consumers' cooperation by distributing the profits of producers and middlemen among the purchasers would have no more effect on the total real wealth of the nation than an

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<sup>130</sup> Hutchinson, SNWTC, 37

<sup>131</sup> Davis, CIC, 158



increase in interest, rent or profits by which money is simply transferred from one person to another while no real wealth is created. This is, however, an erroneous conception for in the case of rent, interest and profits, money tends to be transferred from the poor to the rich; whereas in the case of cooperation, money tends to be transferred from the rich to the poor.

This does not imply that a redistribution of the existing national income would at once solve the problem of poverty. On the contrary, if the \$80,882,000,000 which represented the value of goods and services produced in 1929 had been divided equally among the population each person would have received about \$625.00, thus making the average family income about \$2,500<sup>132</sup> which is much less than the \$4,270 estimated as a necessary prerequisite to the full utilization of the national productive capacity.<sup>133</sup>

Nevertheless, if production is to be released, and national recovery to be realized, it is necessary that purchasing power be distributed to the poor who can use it rather than concentrated in the hands of producers and middlemen who already have more than they can spend. In the words of the Brookings Report:

" The distribution of income from year to year is of primary significance not for its momentary effects upon the well-being of the masses, but for its possible cumulative effects in promoting a fuller utilization of our productive facilities and a consequent progressive increase in the aggregate income to be available for dis-

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<sup>132</sup>

Moulton, IEP, 78

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Loeb, PFU, 49-50



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tribution. We are not interested in maintaining a static situation in which the total income, even if equally distributed, would be altogether inadequate; we are interested rather in producing a dynamic situation in which increasing quantities of newly created goods and services would become available for everyone.<sup>134</sup>

Almost any method of redistributing income and thereby increasing purchasing power might result in temporary national recovery, but only a method such as consumers' cooperation by which people gain ownership as well as income can make national recovery permanent. To levy high taxes on the incomes of the rich and then to give this money to the unemployed in the form of a meagre dole may possibly prevent starvation but it can never solve the problem of poverty or make actual the abundance which technology has already made possible. In fact, technological unemployment will tend to increase until those who do receive incomes will become so few that they can no longer support the hordes of unemployed through government relief.<sup>135</sup> In other words, the growing problem of technological unemployment can be solved by nothing less than the cooperative ownership of the machines by the consumers who can then produce all they need by working a few hours each day or a few weeks a year. This will apply to farmers as well as industrial workers for food is already being grown in factories. Hence, any distribution of income, such as that advocated by the Townsend Plan, which does not also involve ownership, can be only temporary for as soon as the extra purchasing power is spent it will return to the pockets of the few through the same old

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<sup>134</sup>Moulton, IEP, 83

<sup>135</sup>Consumer Distribution Corporation, 5



channels of private profit sustained by private ownership. Therefore, a "just redistribution of income is impossible without a corresponding just redistribution of ownership. Consumers' Cooperation is the real democratic evolutionary means which will do both."<sup>136</sup>

The importance of ownership may have been minimized by Mr. E. J. Lever who organized Cooperative Distributors, Incorporated, one purpose of which was to assist Consumer Clubs to make collective bargaining arrangements for coal, gas, oil, milk, laundry, etc. on the theory that at present consumers need only combine to enforce low prices and good quality by striking, picketing and boycotting in exactly the same way that laborers secure high wages.<sup>137</sup> Such tactics may be valuable as a temporary method of securing quick relief from the pain of high prices, but only through ownership can full control be secured and the underlying cause of high prices and poor quality removed.

It is to the solution of this problem of fraudulent advertising, poisonous products and poor quality that consumers' cooperation can make a most significant contribution. From the viewpoint of the consumer the only legitimate function of advertising is the announcement of new products, and information concerning price and quality. "American consumers pay \$400,000,000 a year for hosiery. Yet the Consumers' Advisory Board of the Federal Government says, 'Seldom can the purchaser obtain any information on the durability of stock-

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<sup>136</sup> Consumers' Cooperation, XXIII (March, 1937) 45. "How Can We Redistribute Wealth?"

<sup>137</sup> Kallen, DRC, 276-279

1. The first part of the paper discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

2. The second part of the paper presents the results of the study. It includes a detailed description of the data collected and the analysis performed. The results are presented in a clear and concise manner, using tables and figures where appropriate.

3. The third part of the paper discusses the implications of the study. It explores the potential applications of the findings and the limitations of the study. It also provides a brief conclusion and a list of references.

4. The fourth part of the paper provides a detailed discussion of the methodology used in the study. It describes the data collection process, the sampling method, and the statistical analysis performed. It also includes a list of references.

5. The fifth part of the paper provides a detailed discussion of the results of the study. It includes a description of the data collected, the analysis performed, and the results obtained. It also includes a list of references.

6. The sixth part of the paper provides a detailed discussion of the implications of the study. It explores the potential applications of the findings and the limitations of the study. It also provides a brief conclusion and a list of references.



ings.<sup>138</sup> " Instead, advertisers usually rely fifteen per cent. on the appeal to fear, nine per cent. on the appeal to sex and fourteen per cent. on the appeal to emulation.<sup>139</sup> Furthermore, the information concerning quality which advertisements occasionally pretend to convey is usually erroneous. This is well illustrated by the Hearst controlled "Good Housekeeping" Institute which is "one of the greatest frauds now being perpetrated on American consumers."<sup>140</sup> For example,

" "Good Housekeeping approved the claim that 'Vapex' vapor kills germs in the breathing passage, but the Federal Food and Drug Administration reported not only that 'Vapex', selling then for seventy-five cents a bottle, consisted essentially of water, alcohol, lavender oil and menthol, costing about two cents per bottle, but also that the claim of germ-kill power 'was false and fraudulent, since the article contained no ingredient or combination of ingredients capable of producing the effect claimed.' "<sup>141</sup>

Not only have consumers been exploited by worthless products but also by many which are definitely harmful. For example, the New York City Secret Black List of dangerous drugs and cosmetics includes such widely advertised medicines as: Bromo-Seltzer, Ex-Lax, Groves' Laxative, Bromo-Quinine, and Marmola; such cosmetics as: Ambrosia, Campana's Italian Balm, Inecto and Pebeco Toothpaste; and pain cures such as: Ammonol Tablets, Anacin Tablets, B. C., Capudine, Kohler's Antidote and Salicon; laxatives such as: Asper-Lax, Boals Rolls, Espotabs, and Phenolax; such reducing medicines as: Marmola, Faid, O.B.C.T., Re-Duce-Oids, Formula 281 and Slim; such hair dyes as: Mrs. Potter's Walnut Tint Hair Stain, Farr's for Gray Hair, and Mary

<sup>138</sup> Davis, CIC, 162 Citing Report of Consumers' Advisory Board #3 "Standards of Quality."

<sup>139</sup> Ibid, 160 Citing Rorty, citing Daniel Starch

<sup>140</sup> Consumers' Union Reports, I, #3, July, 1936, p. 1

<sup>141</sup> Ibid, 1 and 12.

1. The first part of the paper discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

2. The second part of the paper presents the results of the study. It includes a detailed description of the data collected and the analysis performed. The results are presented in a clear and concise manner, using tables and figures where appropriate.

3. The third part of the paper discusses the implications of the study. It highlights the key findings and their significance for the field of research. It also discusses the limitations of the study and suggests areas for future research.

4. The fourth part of the paper provides a conclusion and a summary of the main points. It reiterates the importance of the study and the findings, and emphasizes the need for further research in this area.

5. The fifth part of the paper is a bibliography, listing the sources used in the study. It includes a mix of primary and secondary sources, as well as relevant literature in the field.

6. The sixth part of the paper is an appendix, containing additional information that supports the main text. It includes a list of abbreviations and a glossary of terms used in the study.

7. The seventh part of the paper is a list of references, providing a comprehensive overview of the literature related to the study. It includes a mix of books, journal articles, and online resources.

8. The eighth part of the paper is a list of figures and tables, providing a visual representation of the data collected. It includes a mix of line graphs, bar charts, and tables.

9. The ninth part of the paper is a list of footnotes, providing additional information and references for the study. It includes a mix of footnotes and endnotes.

10. The tenth part of the paper is a list of appendices, providing additional information and references for the study. It includes a mix of appendices and supplementary materials.

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14. The fourteenth part of the paper is a list of appendices, providing additional information and references for the study. It includes a mix of appendices and supplementary materials.

T. Goldman's Gray Hair Restorer; hair tonics such as: Dander-Off, Liquid Arvon, Mahdeen and Wildroot Dandruff Remedy; and such depilatories as : Delatone, De Miracle, De Wans, Neet Shavix, Snow, X-Bozin and Zip Depilatory Cream.<sup>142</sup>

Furthermore, mineral oil nose drops including Chloretone Inhalant, Macy's Nose Drops, Pineoleum, Rexall Nasal Spray, Silver-Col, Campho-Lyptus, Hill's Nose Drops, Mistol, 666 Nose Drops and Vicks Va-tro-nol which have been advertised as "safe for children" are, on the contrary, extremely hazardous, especially for weak or very small children because the oil may be drawn into the lungs where it collects, causing irritation, inflammation, and chronic pneumonia which often leads to acute pneumonia and death.<sup>143</sup>

There is little hope that such abuses can be prevented by government regulation while patent-medicine men, like Senator Royal S. Copeland, draft food, drug and cosmetic bills which deliberately leave loopholes for the clever lawyers of private business.<sup>144</sup> The present law permits fake advertising over the radio, in the press, on billboards, in magazines and even in pamphlets enclosed in the package just as long as the bottle itself is correctly labelled.<sup>145</sup> Yet the new bill provides penalties for all violations except false advertising. At least one reason for this omission is indicated by the fact that on the same day that the Senator held the first public hearings on the

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<sup>142</sup> Ibid, I, #5, Sept. 1936, 7.

<sup>143</sup> Ibid, I, #8, Dec. 1936, 2-3; also II, #2, March 1937, 7-8

<sup>144</sup> Ibid, II, #2, March 1937, 1 and 16

<sup>145</sup> Davis, CIC, 176, Citing U.S. v. 17 Bottles, etc. 55F(2d)264 (D.Md.1,1932) & J.of Am. Med. Assn.1932,98,p.337. Electro-Vita-WL-WPH

The first part of the paper discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

The second part of the paper presents the results of the study. It includes a detailed analysis of the data collected and a discussion of the findings. The results show that there is a significant correlation between the variables studied.

The third part of the paper discusses the implications of the findings and provides recommendations for future research. It also includes a conclusion summarizing the main points of the study.

The paper is organized into several sections, each with a heading. The headings are: Introduction, Methodology, Results, Discussion, and Conclusion. The text is written in a clear and concise style, using appropriate terminology and grammar.

The study was conducted using a quantitative research design. Data was collected from a sample of 100 participants. The data was analyzed using statistical software to determine the significance of the results.

The findings of the study suggest that there is a positive relationship between the variables studied. This relationship was found to be statistically significant at the 0.05 level.

The results of the study have important implications for the field of research. They provide valuable insights into the relationship between the variables studied and can be used to inform future research and practice.

In conclusion, the study has shown that there is a significant correlation between the variables studied. The findings have important implications for the field of research and can be used to inform future research and practice.



Food and Drug Bills, he appeared as a highly paid testimonializer in a broadcast for Fleischmann's yeast. 146

Consumers are viciously exploited not only in the field of drugs and cosmetics but also in the matter of food as shown by two hundred eight judgments in a bulletin of the Department of Agriculture:

"Among these were twenty-nine judgments about shipments of apples having illegal amounts of arsenic and lead, eight judgments about canned beans which were mislabeled or contained food unfit for human consumption; forty-two judgments about butter which contained less than the legal minimum of butter fat; seventeen judgments about cans of salmon which were shown to consist "in whole or in part of a decomposed animal substance"; three judgments on shipments of crab meat which were shown to contain "a filthy animal substance"; four judgments on shipments of canned tomatoes, one of which was below the legal standard, another contained "decomposed and putrid vegetables, and two contained maggots." 147

Whenever the victimized consumer attempts to defend himself by legislation,

"Lobbies mobilize, openly and secretly, but mostly secretly. Pressure is applied in all forms, from bribery to flattery, from blackmail to threats of bodily harm, from the fabrication to the purchase of opinion. If the bills cannot be defeated they are emasculated. There is none which does not leave a loophole for any producer desirous of plying the tricks of his trade. 148

In such a predicament the consumers were obliged to follow the example of the Federal Government and of giant corporations in establishing their own scientific testing services, such as Consumers' Research, Inc., or preferably Consumers' Union, Inc, which is a non-

<sup>146</sup> Ibid, I, #8, Dec. 1936, 1

<sup>147</sup> Davis, CIC, 175. Citing U.S. Dept. of Agriculture, Notice of Judgments under the Food and Drug Act, No. 19509, Nov. 1933.

<sup>148</sup> Kallen, DRC, 139-140



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RECEIVED  
JANUARY 15, 1964

FROM  
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TO  
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profit membership organization reporting on the labor conditions under which articles are produced as well as the quality of the articles themselves. Valuable as these organizations are, they can never completely solve the problem of poor quality because their function is limited to the testing of commodities which are already on the market. In other words, they can recommend the best articles available, but even these may be simply the lesser of several evils. There was need for some organization which could first set up standards of the highest quality and then manufacture according to those specifications. Cooperative Distributors, Inc. contributed to the solution of this problem by establishing, in addition to a testing laboratory, a mail-order house from which both Consumer Clubs and individuals can purchase articles of high quality which have also been produced so far as possible under union standards of labor. These products, many of which are under CD label, are listed in a semi-annual magazine-catalog publication known as Consumers' Defender. 149

Consumers' Cooperation can protect the purchaser from fraudulent advertising, poisonous products, poor quality and high prices because production for use rather than for profit automatically removes the incentive of exploitation. In a cooperative store the interests of the person behind the counter become the same as those of the person in front of the counter. Nevertheless, this fact alone cannot guarantee high quality unless it is accompanied by scientific

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Consumers' Defender. (Fall-Winter) 1936-1937



laboratory testing. On the other hand, testing alone is also inadequate unless there is some conveniently located store where the recommended products may be purchased. "Cooperation provides the organization and facility through which complaints may raise the level of quality at the members own store."<sup>150</sup>

In seeking to estimate the total contribution of consumers' cooperation toward the problem of increasing purchasing power, it is necessary to include the factor of quality as well as price, for although the patronage dividend in England averages only ten per cent. the total savings amount to nearer twenty per cent. on account of the fair prices, honest measures, and other benefits of the cooperative societies.<sup>151</sup> In fact, "the National Industrial Conference Board declares that the Federal Government saves \$100,000,000 annually by laying down specifications and making scientific examinations of goods produced."<sup>152</sup>

Of almost equal importance has been the contribution of consumers' cooperation in the field of services, for here too the consumer has been grossly exploited. With the growth of installment selling as a partial outlet for the ever-increasing supply of commodities, there appeared a myriad of installment finance houses which by their ruinous rates of interest aided the other profit-makers in robbing the consumer of that very purchasing power upon which industry depended. If a machine broke down the bankers provided the owner

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<sup>150</sup> Charles T. Jackson, "In Defence of Cooperatives," Atlantic Monthly, March 1937, 336.

<sup>151</sup> Warbasse, CD, 18

<sup>152</sup> Davis, CIC, 168, citing Nat'l Emergency Council of U.S., Govt. Bulletin #3, June, 1934, 8.

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with credit for its repair, but if a man broke his leg the same bankers with whom he deposited his savings would give him no credit in his emergency. In this situation the consumer became vulnerable to the predatory business of the unlicensed loan shark who usually charged interest rates varying from 240 to 480 per cent. and in some cases rates as high as 1000 per cent. The personal ("family") finance companies charged the maximum legal rate of forty-two per cent. while pawnshops charged thirty-six per cent. and axias (unlicensed savings and loan associations) charged twenty-eight and five-tenths per cent. Installment buying rates varied from eleven to forty per cent. and the rates of remedial loan societies averaged 15.6 - 18.9 per cent. Even the Mossis Plan and the personal loan departments of banks charged about 17.3 per cent.<sup>153</sup> Such high rates are not necessitated by the risk involved for "the small borrower almost always pays his debts. The two governing factors were the borrower's need and the lender's greed." <sup>154</sup>

In self-defence the consumers adopted a type of character bank which was first established in Germany about 1850 by Frederick Wilhelm Raiffeisen. These Credit Unions, as they came to be called, spread to other countries and in 1901 Alphonse Desjardins set up in Levis, Quebec, the first Cooperative Peoples' Bank. Edward A. Filene, the Boston merchant and philanthropist, became interested in the work of Desjardins and with the aid of Pierre Jay, then bank

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<sup>153</sup> Consumers' Union Reports, I, #1, May 1936, 10. Citing Evans Clark, "Financing the Consumer", Harper and Brothers, 1930.

<sup>154</sup> Fowler, CCA, 124.



commissioner for Massachusetts, secured the passage of a State Credit Union Law in 1909.<sup>155</sup> In 1931, Mr. Filene organized the Credit Union National Extension Bureau which aided in securing the passage of similar laws in the legislatures of forty-one states. In 1934 a Federal Credit Union law was passed and the Credit Union National Extension Bureau became the Credit Union National Association. By December 31, 1936 some thousand eight hundred sixty-two Federal Credit Unions had been chartered which together with the State Credit Union made a grand total of over five thousand with a membership of over a million persons. Credit Unions increase at the rate of 150-200 per month while the membership increases at the rate of over eight thousand per week.<sup>156</sup>

Any group of seven or more people with a close common bond of interest may organize a Credit Union by securing a State or Federal charter and electing from their own number a supervisory committee to audit the books, a credit committee to accept or reject all applications for loans, and a board of directors who elect from their own number a president, vice president, treasurer, and clerk.<sup>157</sup> Each member then begins to buy five dollar shares by saving at the rate of at least twenty-five cents per month. Any member may then apply to the credit committee for loan, but it must be for some provident purpose and the borrower must make detailed and satisfactory arrangements for its repayment. Loans larger than fifty dollars must be secured either

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<sup>155</sup> Fowler, CCA, 126

<sup>156</sup> Consumers' Cooperation, XXII, #11, Dec. 1936, 190.

<sup>157</sup> Randall and Daggett, CCACS, 415



by a co-signer or by collateral. The interest rate is only one per cent. a month or twelve per cent. a year; and as surpluses accumulate in the treasury this rate is lowered so that the borrower is benefitted on the same principle as the patronage rebate.

By thus pooling their own resources to supply their credit needs, the members are able not only to increase their purchasing power by escaping the clutches of the loan sharks, but also to accumulate capital which they themselves can borrow to establish other cooperative enterprises. That the capital thus accumulated by a credit union is not insignificant is demonstrated by the case of the New England Telephone and Telegraph Company where a credit union was organized seventeen years ago with an original capital of only twsnty dollars, yet "in 1934 the eight Credit Unions within the company made loans of over one and a half million dollars."<sup>158</sup> In spite of such a large volume of loans Credit Unions are, except for postal savings banks, the soundest banks in the country suffering almost no losses."<sup>159</sup>

In Credit Unions as well as in other types of cooperatives, speculative investment is prevented by adherence to one of the **Robhdale** principles which limits to a fixed minimum rate any interest which may be paid on invested capital. In other words: "cooperation treats capital the same as capital treats labor; it hires it at the cheapest price. The capitalist system makes labor the servant of capital; the cooperative system makes capital the servant of labor."<sup>160</sup>

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<sup>158</sup> Fowler, CCA, 127

<sup>159</sup> Warbasse, CD, 60 and 76

<sup>160</sup> Ibid, 22





Furthermore, since shares are unlimited in number and hence remain at par, there is no possibility of speculation in the buying and selling of stock.

From cooperative credit it was but a natural step to insurance which is essentially a social service. This step was hastened when consumers began to realize that by paying premiums to private insurance companies they had been "feeding the hand that was biting them" because the insurance companies supplied the banks with the money which financed the public utilities in their exploitation of the people. One of the earliest and most successful ventures in cooperative insurance was the Workmen's Furniture Fire Insurance Society of New York which began in 1873 with forty-four members carrying a total insurance of \$15,900. Today there are 60,000 members carrying over \$70,000,000 of insurance.<sup>161</sup>

The Ohio Farm Bureau has made an enviable record in the field of cooperative insurance beginning in 1923 with the organization of the Farm Bureau Mutual Automobile Insurance Company as a protest against the fact that the private companies were charging the farmers the same high rates as those who lived in congested areas. The venture proved so successful that the company, upon the request of the Farm Bureau and cooperative organizations in other states, extended its business to West Virginia, Maryland, Delaware and Vermont in 1928, to Virginia and Pennsylvania in 1929, and to North Carolina in 1933. Between January 1, 1931 and January 1, 1936 the number of policies

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Fowler, CCA, 146



increased from 79,291 to 160,567 and the assets grew from \$2,632,768.77 to \$4,460,155.79 to that today it is the eighth largest mutual casualty company in the United States.<sup>162</sup> Because it owned its automobile insurance company, the Ohio Farm Bureau could control reserves and therefore furnish the capital for both the establishment of the Mutual Fire Insurance Company in 1934 and the purchase in 1935 of a controlling interest in the Life Insurance Company of America, a legal reserve company with approximately \$16,000,000 of life insurance in force and assets totalling almost \$1,900,000."<sup>163</sup> Thus cooperative insurance not only increased the consumers' purchasing power by saving seventeen to forty per cent. on premiums,<sup>164</sup> but also built up a capital reserve which could be used in developing new cooperative enterprises.

Realizing that the benefits of their life insurance policies were practically nullified by the exorbitant charges of profit-making undertakers, the consumers soon organized their own cooperative burial associations. In 1930 the inhabitants of New Ulm, Minnesota, were the victims of an undertakers' monopoly which charged from \$500 to \$700 per funeral,<sup>165</sup> but ten people had the courage to organize the Minnesota Valley Burial Association. Each person paid a \$5.00 life membership fee and the money thus collected was used to cover the cost of incorporation and to establish a reserve fund to

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<sup>162</sup> Yearbook of the Cooperative League 1936, 138.

<sup>163</sup> Ibid, 139

<sup>164</sup>

<sup>165</sup> Ibid, 187

Fowler, CCA, 154





provide for those unable to pay cash. Each membership "includes the person to whom the certificate is issued, his or her spouse and all single children under thirty years of age and all other relatives depending wholly or partly upon the certificate holder for support."<sup>166</sup>

Arrangements were made to purchase caskets at wholesale prices from the Mid-West Casket Company which was also located in New Ulm. By paying a slight additional charge the Burial Association was also able to secure space in the plant of this Casket Company for its funeral rooms and offices. When the use of a hearse was refused by the local undertakers, an automobile dealer who favored the cooperative bought a hearse and agreed to use it for all cooperative funerals at the rate of \$25.00 each. A licensed embalmer who was secured at the rate of \$50.00 per funeral also acted as general manager of the Burial Association; but all accounts were collected, books kept, and checks written by a secretary who was paid \$5.00 per funeral. By cooperating the members of the Minnesota Valley Burial Association, who now number 1160 families, have been able to duplicate a \$780 funeral for \$300, while the average cost of adult funerals has been from \$212. to \$220. which included casket, hearse and all services.<sup>167</sup>

The remarkable success of these burial cooperatives is shown by the fact that in 1932 nine such associations reported 231 funerals conducted at an average of \$186 each, which is less than half the

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<sup>166</sup> Randall and Daggett, CCACS, 609

<sup>167</sup> Ibid, 605-608



average commercial rate.<sup>168</sup> The spread of such successful cooperative burial associations so aroused the opposition of the private funeral directors that they induced the manufacturers of caskets and funeral supplies to refuse to fill the orders of the local cooperative societies. As a result, the local burial associations federated in 1932 to form the Northwestern Cooperative Burial Association which had, at its fourth annual convention in 1936, the representatives of twenty-two local associations in Minnesota, South Dakota, and Iowa communities. One of the chief purposes of the federation is "to engage in the manufacture, purchase, sales and distribution of caskets and other articles required by funeral directors." <sup>169</sup>

Thus in the field of undertaking just as in other types of cooperative enterprise the opposition of private business simply encourages cooperatives to federate and enter the field of wholesaling and manufacturing where even greater saving can be secured.

Realizing that doctors' bills as well as undertakers' bills offset the benefits of their cooperative insurance the consumers have also begun to organize medical cooperatives. This development has been further stimulated by the fact that "in the United States thirty-eight per cent of the population get no medical treatment when they are incapacitated by disease."<sup>170</sup> This tragic situation is due in part to the fact that medicine is conducted on a private profit basis and therefore is subject to the same dilemmas and per-

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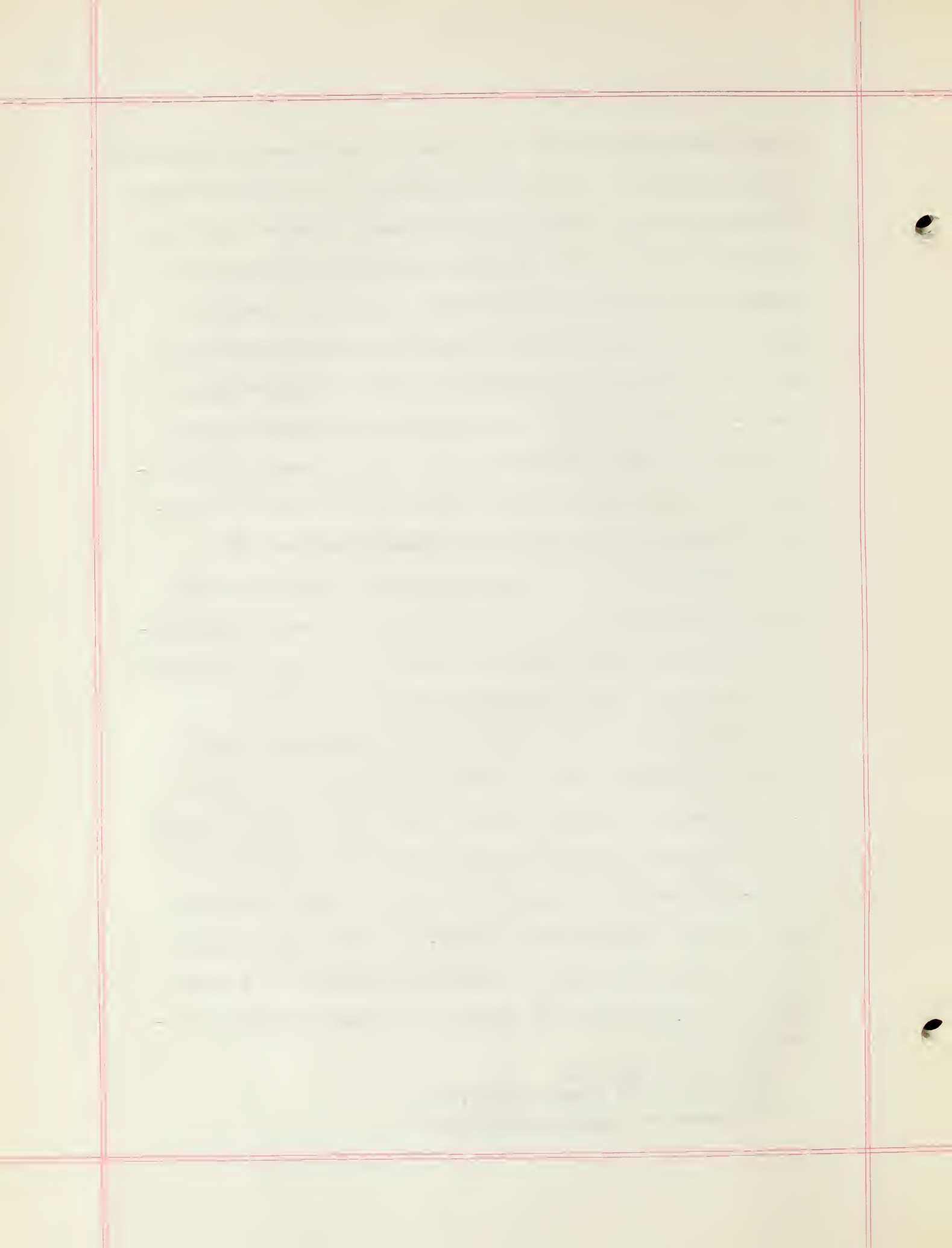
Fowler, CCA, 155

<sup>169</sup>

Randall and Daggett, CCACS, 610

<sup>170</sup>

Warbasse, Cooperative Medicine, 3



versions as the other types of capitalistic enterprise. If medical schools should continue to turn out graduates the supply would eventually exceed the demand and then under a system of free competition the price of their services would drop until they could no longer earn a living. To prevent this dilemma of abundance the members of the medical profession, like any other group of producers, began to fix prices by agreement. This measure simply limited the number of patients who were able to pay for medical service. As a result physicians were often obliged to care for the poor free of charge and then endeavor to collect higher fees from the rich. Greater specialization in the field of medicine hastened this tendency by furnishing a legitimate excuse for charging the rich higher fees. Still, the medical schools continued to graduate more and more specialists until there was danger that even this field would become so overcrowded that the number of physicians would exceed the number of paying patients. To maintain profits the medical profession, like other capitalistic enterprises, began to create an artificial scarcity by raising the qualifications for entrance into and graduation from medical schools, thus endeavoring to limit the supply of physicians to the purchasing power of the people.

Even under the present monopolistic medical system of price fixing and profit based on scarcity, any type of consumers' cooperative business can contribute indirectly to the much needed two billion dollar expansion of health service.<sup>171</sup> by simply increasing the purchas-

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<sup>171</sup>

See item Health, Loeb Chart, p. 33 this thesis.





ing power of the people. But the chief contribution of consumers' cooperation to the problem of adequate medical care is the creation of a medical system based on the conviction that the consumers "who need the services, who pay the bills, who suffer the pains, and who do the dying, should control the business." <sup>172</sup> This cooperative type of health protection which is owned and controlled democratically by voluntary groups of patients and prospective patients organized on a non-profit basis according to the Rochdale principles, should not be confused with other social methods of medical care, such as the profit-making commercial "health societies", the medical facilities maintained by business corporations for their employees, the medical services owned, controlled and sold by groups of physicians, or systems of state medicine supported by taxes.

Cooperative medicine can begin somewhat like a buying club when as few as ten people each contribute \$25.00 per year and hire a physician part time for the express purpose of keeping them well. The members are visited at regular monthly intervals by their physicians who make a physical examination, and if he finds premonitory signs of disease it is to the economic advantage of both doctor and patient to begin treatment at once. Only in some such way as this can the modern knowledge of preventive medicine be translated into practice, for under the present system disease is allowed to go undiscovered and unchecked until it causes such pain that the patient is driven to seek a physician, but by this time the disease has often

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<sup>172</sup> Warbasse, Cooperative Medicine, 4



passed beyond the stage of cure. "It is the tragedy of medicine that the multitude go on and suffer and die deaths from which they could be saved by the application of a simple economic principle." <sup>173</sup>

When one hundred fifty to five hundred families join a cooperative health society and pay an average of \$20.00 each per year they can usually find a competent physician who is glad to abandon the uncertainties of bill collecting and the business of profiting from the misfortunes of others in favor of giving his full-time service for an annual salary of \$3,000 to \$7,000 guaranteed in advance. There will be about fourteen sick people in a group of two hundred families and the doctor should be able to visit seven each day and see seven in his office. In addition he should be able to see all the two hundred families at least once every two months by making an average of four calls a day on members who are well.

In addition to its preventive value cooperative medicine distributes the costs of medical care among the well who are usually better able to pay such expenses than the sick whose normal income may be cut off because of their inability to work while ill. In fact, under the present system "the 161,000 doctors in the United States are earning their living from the less than two per cent of the population who are sick." <sup>174</sup>

In addition to hiring its own physician, a cooperative health society may provide hospitalization for its members by making arrange-

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<sup>173</sup> Warbasse, Cooperative Medicine, 16

<sup>174</sup> Ibid, 6





ments with some hospital which offers its services including semi-private room, board, nursing and interne service for a maximum of three weeks for a regular payment of \$9.00 to \$12.00 a year. <sup>175</sup>

When several such health societies have been formed, they confederate to establish a cooperative clinic or arrange to use a ward or a wing of a hospital.

In Elk City, Oklahoma, a town of about 7,000 inhabitants, Dr. M. Shadid, a practicing physician and surgeon, who had long been connected with labor and cooperative movements realized that about twenty-five per cent of the American people received medical care on a charity basis, and that another twenty-five per cent were charged exorbitant fees, while the remaining fifty per cent who were too self-respecting to receive charity and too poor to pay high prices, tried to survive with a minimum of medical care. In 1929, Dr. Shadid with a deep determination to remedy this evil situation, called together a group of representative men and showed them the mutual benefits which could be obtained if two thousand families would purchase shares of stock at \$50.00 each for the establishment of a co-operative hospital at which they could receive medical, surgical and hospital care for only \$25.00 per year. The "Community Health Association" was soon incorporated but the other physicians in Elk City viciously opposed the plan and refused to sell their private hospitals to a cooperative. Undaunted, Dr. Shadid bought the first ten shares himself and sold the first three hundred shares to his

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<sup>175</sup> Ibid, 8-9

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own patients.<sup>176</sup> With the capital thus raised land was purchased and the new Community hospital was erected and equipped.

Each stock certificate entitles the holder and his immediate family to a life membership in the association and provides them with "examinations, treatments, surgical operations, dental care, room, board, and nursing care"<sup>177</sup> at the rate of \$12.00 per year for a stockholder with no family, \$18.00 per year for a family of two, \$22.00 for three , and \$25.00 for a family of four or more. There are also fixed additional charges for anesthetics, laundry, medicine, ambulance service, etc. The Farmers' Union Cooperative Health Association, as it came to be called, has grown from small quarters with one physician to a modern hospital staffed by seven doctors, fifteen nurses and two dentists who care for an average of thirty patients. The number of surgical operations has grown from 148 in 1932 to 741 in 1935.<sup>178</sup> There is now a membership of 2400 families representing about 14,000 men, women and children. Although no cash dividends are paid, the member-patients receive any surpluses in the form of improved and expanded services as shown by the two additions to the Community hospital at Elk City and the Association's plans to build similar hospital units in nearby communities.

Thus it is evident that consumers' cooperation as a method of supplying medical care increases purchasing power by distributing the service and its costs among all members on an insurance basis

<sup>176</sup> Consumers' Cooperation, XXII, (Dec. 1936) 179-180

<sup>177</sup> Randall and Daggett, CCACS, 595

<sup>178</sup> Ibid, 601-602

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend of increasing activity over time.

4. The fourth part of the document discusses the implications of the findings. It suggests that the results have significant implications for the field of study and may lead to further research in this area.

5. The fifth part of the document concludes the study. It summarizes the main findings and provides a final statement on the importance of the research.

so that those who are sick receive adequate care and are protected from exorbitant fees, while those who are well are protected from sickness by the practice of preventive medicine. Furthermore, the cooperative method tends to equalize the salaries of physicians, free them from the burden of collecting bills, and assure them of an adequate income derived from an abundance of health rather than uncertain profits derived from sickness.

By tracing the development of capitalism through its various stages it has been shown that the private profit system contains within itself the seeds of its own destruction for it continually fails to supply the people with enough purchasing power to buy the abundance of things which machines produce. An automatic adjustment of supply to demand is prevented by the price-fixing perversion of capitalism. Hence, an artificial scarcity will be enforced and national recovery prevented unless purchasing power can be increased.

Consumers' cooperation has contributed directly to the solution of this key problem by returning both the middlemen's and the producers' profits to the purchasers in the case of the fertilizer and oil cooperatives of the mid-western United States; the manufacturing, transportation, insurance and banking facilities of the English Co-operative Wholesale Society; and the price-cutting, trust-breaking activities of the Swedish Kooperativa Forbundet in the field of margarine, flour, and galoshes. Consumers' cooperation has further increased purchasing power and thereby aided national recovery not only by helping to prevent the waste of fraudulent advertising and



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poisonous products, but also by supplying credit, insurance, undertaking and medical services at lower prices, consumers' cooperation has also contributed to the permanence of national recovery by re-distributing ownership as well as purchasing power.

The deep-seated dilemma of a perverted capitalism has not been confined within the borders of the United States alone but has appeared in every country where the industrial revolution has occurred. In other words, the current social and economic problems are international in scope and require for their solution a world wide cooperative movement.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part outlines the various methods and tools used to collect and analyze data. It mentions the use of surveys, interviews, and focus groups to gather information from stakeholders. Additionally, it highlights the importance of using statistical software to process and interpret the data.

3. The third part describes the results of the data analysis. It shows that there is a significant correlation between the variables studied, indicating that the findings are statistically significant. The results also suggest that there are areas where the organization can improve its performance.

4. The final part of the document provides recommendations based on the findings. It suggests that the organization should implement certain changes to its processes and procedures to address the identified issues. It also recommends that the organization should continue to monitor its performance and conduct regular audits to ensure that the improvements are sustained.

## CHAPTER III

### CONSUMERS' COOPERATION AND INTERNATIONAL PEACE

War, because of the modern methods of wholesale destruction, is undoubtedly the most threatening social and economic problem confronting our age. Past wars have usually been fought between nations, but it seems probable that future wars may be fought between classes. Whether between nations or classes or both modern wars tend to become world-wide. Hence, war is an international problem demanding an international solution. In order to accurately evaluate the potential contribution of consumers' cooperation toward the solution of the war problem, it is necessary first to investigate the underlying causes of war, and second, to estimate the contribution of consumers' cooperation toward the removal of each of those causes.

Among the underlying causes of the world war were economic imperialism, nationalism and militarism. Each of these causes is a corollary of the private profit system especially in the stages of industrial and finance capitalism, but becoming most pronounced in the final stage of capitalism known as fascism.

Economic imperialism, or the policy of profiting by the annexation or economic control of one nation by another, is an inevitable concomitant of a highly developed capitalism because every industry requires raw materials, but the natural resources of a capitalist nation soon become monopolized by a few who charge high prices, thus forcing other manufacturers to seek cheaper sources of raw materials





in countries which have not yet become industrialized. Furthermore, every industry requires a market for its finished products but the inevitable concentration of wealth which accompanies capitalism necessarily reduces national purchasing power to a point where the home market must be supplemented by foreign markets if profits are to be maintained.

The basic strategy of imperialism has been summarized by Jerome Davis, as follows:

"to import food and raw materials from the colonies, eat the food, manufacture the raw materials, and then send enough of the manufactured goods back to the colonies to pay for the food and raw materials imported. The rest of the manufactured articles are sold in the home market or in other world markets. If a deficit arises from charges for insurance, banking, and transportation, money is loaned to the colonies to make up the difference. Gradually, with the progress of time, the bankers set up factories in the colonial countries themselves." 179

As these colonial countries have become industrialized the undeveloped regions of the world have grown so scarce that the competing capitalist nations have fought bitterly for imperialistic control of the few remaining backward areas. That even the military conquest of undeveloped regions by a single imperialist nation not only causes war between the backward people and their civilized exploiters, but also threatens to provoke war between rival capitalist nations, is illustrated by the colonization of Manchuria by Japan and of Ethiopia by Italy. Even when imperialistic nations resort to the peaceful penetration of backward areas there is always the possibility of war

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179 Davis, CIC, 197

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud.

2. The second part of the document outlines the specific requirements for record-keeping, including the need to maintain separate accounts for each transaction and to ensure that all records are properly indexed and filed.

3. The third part of the document discusses the importance of regular audits and the need to ensure that all records are subject to independent review.

4. The fourth part of the document discusses the importance of maintaining the confidentiality of all records and the need to ensure that all information is protected from unauthorized access.

5. The fifth part of the document discusses the importance of maintaining the accuracy of all records and the need to ensure that all information is properly verified and validated.

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11. The eleventh part of the document discusses the importance of maintaining the accountability of all records and the need to ensure that all information is properly tracked and monitored.

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arising out of the revolt of the natives who are exploited beyond endurance. Furthermore, the concentration of wealth in capitalist countries produces tremendous surpluses of accumulated capital which cannot be profitably invested at home and are therefore invested in foreign industries and protected from threat of loss by the military and political intervention of the investors' government. Such military intervention soon transforms peaceful penetration into open warfare between the capitalist country and the backward people. There is also the possibility of war between two or more capitalist nations which seek even by peaceful penetration to gain control of overlapping spheres of economic influence. In fact, as long as profit is the primary motive of economic activity imperialism will continue to threaten the world with war.

Consumers' cooperation aids in solving this root cause of war by gradually changing the present system of production for profit into a planning economy of production for use. This is accomplished by the growth of various types of cooperative enterprise which break monopolies and then redistribute both purchasing power and ownership among the masses of the people, thus tending to eliminate not only the monopolies which often result in a struggle for the cheaper raw materials of foreign countries, but also the "overproduction" and accumulation of wealth which often leads to competition for foreign markets as an outlet for surplus goods and idle capital.

Nationalism as a cause of war is clearly a result of capitalism because only the incentive of private profit could encourage national self-sufficiency by erecting high tariff barriers against the importa-

*[The text in this block is extremely faint and illegible. It appears to be a multi-paragraph document, possibly a letter or a report, with several lines of text visible across the page. The content cannot be transcribed accurately.]*

tion of cheap foreign goods needed by the masses of the people. In fact the only legitimate excuse for the existence of any tariff, even under capitalism, has been the temporary protection of small industries in a new country until they were large enough to compete successfully with the well established producers of older capitalist countries. Although the industry of the United States outgrew the need of a tariff about 1850, the manufacturers have encouraged the continuance of a high tariff because it created an artificial scarcity, high prices, and huge profits for industrialists at the expense of farmers who were not only overcharged for the manufactured items they bought, but also prevented from selling their surplus farm produce abroad, because foreign countries could only pay in goods, and the high tariffs of the United States had already made that impossible.<sup>180</sup>

A policy of national self-sufficiency enforced by high tariffs might not be too damaging to a country such as the United States which contains within its one-twentieth of the world's land area almost three-fifths of the world's corn supply, nearly three-fourths of the world's oil, over one-half of the world's cotton and one-half of the world's lumber, but only one-seventeenth of the world's population.<sup>181</sup> But to such nations as Germany, Italy and Japan with dense populations and relatively small stores of natural resources, such a policy of self-sufficiency would result in extreme poverty for the inhabitants. Yet nationalism, by perpetuating high tariff barriers for the profit

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<sup>180</sup> Davis, CIC, 469

<sup>181</sup> Goslin, RMPM, 3



1. The first part of the paper discusses the importance of the study and the objectives of the research.

2. The second part of the paper describes the methodology used in the study and the data collection process.

3. The third part of the paper presents the results of the study and discusses the findings.

4. The fourth part of the paper discusses the implications of the study and provides recommendations for future research.

5. The fifth part of the paper concludes the study and summarizes the main findings.

6. The sixth part of the paper discusses the limitations of the study and provides suggestions for future research.

7. The seventh part of the paper discusses the contributions of the study to the field of research.

8. The eighth part of the paper discusses the ethical considerations of the study and provides a statement of approval.

9. The ninth part of the paper discusses the acknowledgments and provides a list of references.

10. The tenth part of the paper discusses the appendices and provides a list of figures and tables.

11. The eleventh part of the paper discusses the conclusion and provides a final statement of the study.

12. The twelfth part of the paper discusses the references and provides a list of sources used in the study.

13. The thirteenth part of the paper discusses the appendices and provides a list of figures and tables.

of a few capitalists starves the poverty-stricken people of overcrowded countries. These hungry hordes of human beings are then prevented by strict immigration laws from moving in any large numbers to more plentiful portions of the earth's surface. As a result, population pressure becomes a possible cause of war not because physical space is inadequate to accommodate the people of overcrowded countries, but because their national food supply is insufficient. Food and raw materials could be purchased from other countries if the hungry nations had enough money to pay for such imports, but that money can be obtained only by exporting, yet high tariffs prevent exporting. Of course, the supplies might be purchased on credit or loans might be negotiated, but still there is no way to pay such debts or to repay such loans except by exporting goods, and high tariffs make this impossible. When thus faced with the choice of either starving or seizing colonies by force, the hungry nations, especially if they are led by dictators, resort to war. This military seizure of colonies by the "have not" nations constitutes a threat to the territorial status of the "have " nations and they retaliate either by increasing their own military preparations or by attempting to enforce economic or military sanctions against the aggressor. In either case war is the probable outcome.

Thus nationalism leads directly to militarism and war because high tariff barriers not only drive poor nations to attempt war as a method of gaining necessary raw materials, but these same tariffs also help to create a situation in which rich nations may resort to war preparations, and hence to war, in an attempt to revive profit business. For example, the high import tariffs imposed by the United States pre-

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1. The first step in the process of creating a new product is to identify a market need. This involves conducting market research to determine what consumers want and need. Once a need is identified, the next step is to develop a concept that addresses that need. This concept should be unique and offer a clear benefit to the consumer.

2. After developing a concept, the next step is to create a prototype. A prototype is a preliminary model of the product that allows the company to test its design and functionality. This step is crucial for identifying any potential issues early on and making necessary adjustments.

3. Once a prototype is created, the next step is to conduct a feasibility study. This study evaluates the technical, financial, and market viability of the product. It helps the company understand the costs involved and the potential return on investment.

4. After the feasibility study, the next step is to develop a business plan. The business plan outlines the company's strategy for marketing, sales, and distribution. It also includes financial projections and a timeline for the product's development and launch.

5. The final step in the process is to launch the product. This involves manufacturing the product, setting up distribution channels, and promoting the product to the target market. The company should monitor the product's performance closely and be prepared to make adjustments as needed.

vent foreign countries not only from selling to America but also from buying from America with the result that unsalable surpluses accumulate in the United States and a depression occurs. To restore prosperity more purchasing power is needed. This could be created by banks, borrowed by the Federal Government, and loaned to some great new industry which would give work to many of the unemployed, thereby increasing their purchasing power and aiding national recovery. Since there appears to be no large undeveloped industry except munitions, a program of military preparedness may be undertaken in an effort to revive capitalism. Such a program might produce fabulous profits for a few, jobs for many, and temporary prosperity for all, but in the end it can have no outcome but war. <sup>182</sup> War preparations create such fear and suspicion that a world armament race is begun by the various governments, stimulated by the international munition makers, and finally ended in the holocaust of war itself.

In the place of this narrow nationalism with its profit-seeking tariffs which lead to militarism and war, consumers' cooperation is building a non-profit economic system within which there is no incentive for the creation of tariff walls. But this fact alone cannot solve the present trade problem unless the members of cooperative societies in every land act as citizens in persuading their respective governments to adopt a progressive reduction of the existing tariff rates. Pending this necessary lowering of tariff walls, cooperation can help to minimize the tendency toward war by teaching

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Loeb, PFU, 101





the hungry people of overcrowded nations how to increase their food supply by a more efficient utilization of their existing natural resources and raw materials. Toyohiko Kagawa has suggested that Japan could greatly increase its food supply by raising both nut trees and milk goats on the mountain slopes.<sup>183</sup> Consumers' cooperation can also help to prevent war by utilizing unemployed workers and accumulated capital in the expansion of cooperative enterprise which automatically tends to redistribute ownership, increase purchasing power, and restore prosperity thus lessening the temptation for rich nations to increase armament manufacture in the hope of reviving business.

In spite of tariffs, consumers' cooperation is tending to transform the world's trade from a competitive war-provoking struggle for markets into a peaceful exchange of commodities. In fact, as early as 1908 the English Cooperative Wholesale Society established an export department for the purpose of selling the products of its cooperative factories to the cooperatives of other countries.<sup>184</sup> But such "selling at wholesale for profit is not cooperation."<sup>185</sup> On the contrary, cooperative production of surpluses for sale in the open market is not only a departure from the consumer approach of production for use, but such a policy may intensify the capitalistic struggle for profitable markets and thus lead to war.

Genuinely cooperative trade between nations requires an International Cooperative Wholesale. Such an organization had been long

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<sup>183</sup>Kagawa, BE, 184-185

<sup>184</sup> Childs, SMW, 32

<sup>185</sup> Warbasse, CD, 64



considered by European cooperators, but not until 1914, when the World War made difficult the importation of essential food supplies, did the wholesale societies of Sweden, Denmark, Finland and Norway, unite to form the Scandinavian Cooperative Wholesale as a buying agent to fill the orders of its members. This was the first successful cooperative to cross national boundaries in the distribution of goods for use. Nevertheless, such an organization remained a victim of the high prices enforced by international trusts, especially the International General Electric Company which so controlled prices and production quotas throughout Europe that in 1928 a "25-watt lamp was 37¢ in Sweden, 30¢ in Holland and Germany, 27¢ in Denmark, as low as 18¢ in Hungary, and 52¢ in England." <sup>186</sup>

Nothing less than an international cooperative society producing for use could break such a powerful monopoly. While the cooperators were considering the step, H. Schlott, rather than move to Berlin, resigned from his position as technical director of the "Stockholm electric lamp factory, which was already a member of the International Phoebus Company, incorporated in Switzerland for the purpose of policing the lamp monopoly."<sup>187</sup> Well aware that skilled technicians were scarce, the Swedish K.F. immediately hired H. Schlott to build an electric lamp factory to be owned and operated on an international basis by the North European Luma Cooperative Society, which was formed later by the cooperative wholesales of Denmark, Finland,

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<sup>186</sup> Childs, SMW, 36

<sup>187</sup> Ibid, SMW, 37



Norway and Sweden.

In an attempt to prevent the cooperators from starting their factory, the executives of the cartel threatened that the price of bulbs might fall very low in Sweden, but Anders Hedberg replied:

"There is a vast difference between the consumers' coöperative factory and your other competitors. We don't mind your dumping lamps into Sweden. That is in the interests of the consumers, our clients. If you want to sell the Swedish people lamps below cost, or even give them away free, we shall applaud and thank you and congratulate ourselves on having built a factory that elicited such generosity." . . . .

"You and I represent two totally different interests . . . you want prices up, we want them down; you want to benefit stockholders, we want to benefit consumers." <sup>188</sup>

Nevertheless, the cartel resorted to its usual tactics of price-cutting and lowered the price of Swedish lamps from 37¢ to 27¢, but the cooperators continued to build their factory and soon the Luma bulb, tested for 1500 hours service, was offered for sale at 22¢, thus forcing the cartel with its 1000-hour lamp to meet the competition of the cooperative price. In this way an international capitalist monopoly was broken by the federation of national cooperative wholesales into an international organization which could produce and distribute for use.

International activities of even wider scope are conducted by the International Cooperative Alliance, a federation of the national cooperative organization of forty countries. The Alliance, founded in 1895, now represents a total of 193,000 cooperative societies with

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<sup>188</sup> Childs, SMW, 38-39





over 100,000,000 shareholding members.<sup>189</sup> In 1924 there was organized, under the Alliance, an International Cooperative Wholesale Society which now includes the national wholesales of over twenty countries. Each of these national wholesales can thus secure through the International Cooperative Wholesale those commodities which its own country is unfitted to produce. Such commodities include "tea, rice, coffee, tropical fruits, raisins, currants, olives, oils, salt, fertilizer, lumber, coal, fish, hides, furs, flax, silk, cotton and petroleum products."<sup>190</sup> In 1935, for example, the Consumers' Cooperative Association of North Kansas City, Missouri, received four orders for the shipment of lubricating oil to the cooperative wholesale societies of Estonia, Scotland, and France.

"By their purchases, each of these national wholesales earned one or more shares of stock of C. C. A., making them C. C. A. members and forging another link in the chain of international cooperative trade."<sup>191</sup>

In addition to this exchange of products and interpenetration of ownership, the national cooperative wholesales of the various countries can authorize their International Cooperative Wholesale Society to produce those commodities which are controlled by an international monopoly. This is especially significant for world peace because the attempt of the cooperative wholesale society of a single nation to break an international monopoly would require such large scale production that the cooperators of one country alone would probably be unable to absorb the entire output with the result that the surplus might be

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<sup>189</sup> Warbasse, CD, 63

<sup>190</sup> Ibid, 64

<sup>191</sup> Yearbook of the Cooperative League, 1936, 117



sold to non-cooperators thus intensifying that capitalistic struggle for markets which often leads to war.

In addition to production and distribution through the International Cooperative Wholesale Society, the Alliance is developing international cooperative insurance on somewhat the same basis as Lloyd's shipping insurance of England. From the surpluses of such an international insurance cooperative there can also be established an international credit bank which would facilitate international trade by aiding in the adjustment of debts.<sup>192</sup> Such universality in the program of international cooperation is due to the fact that all people are consumers and hence eligible for membership regardless of their race, creed, color, class, sex or nationality. In fact, the International Cooperative Alliance was the only international to maintain its communications unbroken throughout the world war, and furthermore, its congress was the first international meeting after the war at which delegates from the warring countries assembled on the basis of equal fellowship.<sup>193</sup>

In short, the economic causes of war are first, the imperialistic struggle between capitalist nations for the exploitation of foreign resources and markets, and second, the nationalistic policy of self-sufficiency through which artificial scarcity is enforced and monopoly profits are maintained by means of tariff walls which not only drive poor nations to seek necessary raw materials through war, but also encourage rich nations to use war as a means of reviving business

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<sup>192</sup> Kagawa, BE, 187-190

<sup>193</sup> Warbasse, UD, 123





through the wholesale destruction of surplus capital, commodities, and men. Consumers' cooperation can contribute to world peace by gradually tending to substitute for this imperialistic, nationalistic, monopolistic profit-economy a non-profit system of production for use by which the consumers of each country can cooperate in making those articles for which their land is best fitted by its natural resources. These commodities can then be peacefully exchanged between the coöperatives of different countries through an international wholesale society which can not only provide insurance and credit service, but also break international capitalist monopolies by producing for the known demand of its member cooperatives. The inevitable tendency of private-profit capitalism is toward war, while the logical outcome of consumers' cooperation is peace between classes, races, and nations.



## CONCLUSION

The conclusion is undeniable that consumers' cooperation has already made a tangible contribution to the problem of local relief. Case studies have demonstrated not only its tendency to promote national recovery by increasing purchasing power and redistributing ownership, but also its ability to break monopolies, to maintain fair labor conditions, to protect the consumers from poor quality, and to render credit, insurance, burial and medical service at lowered cost. The logical contribution of consumers' cooperation as a method of eliminating the economic causes of war is irrefutable.

Yet, consumers' cooperation at its present stage of development is inadequate as a solution of national or international problems. Its actual contributions to the promotion of national recovery and world peace have been almost negligible, yet its potential contributions are of universal significance. These potential contributions of consumers' cooperation can become actual only by phenomenal expansion.

It is especially in the field of housing that there exists both a need and opportunity for cooperative expansion in the United States. The need for better housing is shown by the fact that:

"Two-thirds of our families did not have adequate or decent homes. One-fourth of the people were living in slums or in shacks that should have been torn down. Over one-third of the homes in towns and cities, and nearly 80% of those in villages had no sanitation or running water. Nearly half of the houses were still heated by stoves."<sup>194</sup>

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<sup>194</sup> Goslin, RMFM , 12

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In fact, the National Survey of Potential Product Capacity "estimated that between fifteen and twenty million new living quarters were needed."<sup>195</sup> So great is this need that even if production were released and the million of idle builders employed all the houses could not at once be supplied.

Despite the tremendous need and the available capital these houses will not be built under the present economic system unless a profit can be secured. But this same profit-taking has so depleted the purchasing power of the masses that "only some eight per cent of our people can pay rent on a modern house."<sup>196</sup> In this dilemma consumers' cooperation offers both a method of increasing purchasing power and a technique for the construction of low-cost housing.

Sweden serves as a pertinent example, for twenty years ago it was in a position similar to that of the United States today. Profit business had failed to provide sufficient housing for the lowest income groups so the people themselves organized the Tenants' Savings Bank and Building Society known as H.S.B. Today in Sweden "there are cooperative houses containing nearly 25,000 flats, and . . . in Stockholm alone there are seventy-eight H.S.B. apartment houses in which some 65,000 people live."<sup>197</sup> Through H.S.B. cooperative houses are provided for people with various levels of income. For an A-house of one room, bath and kitchen, the tenant pays down ten per cent of the cost, or \$190 to \$270 and also a rent of \$125 to \$215 per year. For five rooms, bath and kitchen, the deposit varies

<sup>195</sup> Loeb, PFU, 42

<sup>196</sup> Ibid, 100

<sup>197</sup> Childs, SMW, 57





from \$1070 to \$1180, and the rent from \$700 to \$865. For the smallest B-houses the deposit is only five per cent or \$80 to \$135, and the rent is \$120. For the largest B-houses the deposit amounts to \$350 up to \$400, and the rent to \$485. Tenants of C-houses pay no deposit because almost all the capital is supplied by the state and city, whereas in the A and B houses the Government supplies only seventy-five to eighty-five per cent. while the remainder of the capital is furnished by private banks and insurance companies.<sup>198</sup>

The city of Stockholm has also relieved the housing problem by selling at cost pre-fabricated "Magic Houses" which can be assembled by the purchaser, on a lot of 4,200 to 7,500 square feet, leased from the city for sixty years at the average present rate of about one and two-tenths cents a square foot a year. The prospective buyer and builder of a magic house makes a down payment of \$80 and receives sufficient credit from the city to cover the cost of materials. This credit which represents about 90% of the estimated value of the home may be paid off in annual installments over a period of thirty years. The remaining ten per cent of the value is contributed by the buyer-builder himself. There are four types of "Magic Houses" as follows:

"If it is a house of Type No. 1, it contains in the basement a bath and toilet, laundry equipment, two closets for food storage, furnace, and coal-bin; on the first floor is a hall, kitchen and living-room; and on the second floor, hall, closet, and large bedroom. In the next size, Type No. 2, the basement has in addition a garage or workshop of generous proportions; there is a dining-room on the first floor, and the second floor has two bedrooms instead of one. The two sizes next in order contain the same number of rooms but they are a

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<sup>198</sup> Childs, SMW, 53

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"little larger." 199

"In less than ten years the 'Magic House' plan has provided comfortable suburban homes for more than 50,000 people, and at lower cost than any other housing scheme in Europe." 200

In the United States cooperatively built houses have sometimes failed to remain cooperative when property values rose and their owners saw an opportunity to profiteer on their investment,<sup>201</sup> but the Consumers' Cooperative Services built a successful cooperative house in 1930.<sup>202</sup> That cooperators are aware of the need and opportunity for expansion in the field of housing is indicated by the fact that in October 1936, the Tenth Biennial Congress of the Cooperative League adopted a resolution

"requesting the Congress of the United States to create an agency similar to Farm Credit Administration for the purpose of assisting consumers' cooperative housing activities through the furnishing of low-priced credits." 203

In other words, the significance of consumers' cooperation as a solution of current social and economic problems is largely dependent upon the rapidity of its expansion. The spread of cooperatives is determined not only by the actual human need, as in the case of housing, but also by the ability of cooperators to meet that need. This ability is in turn dependent upon the amount of capital available. Beginning with the Rochdale Pioneers who accumulated \$140 by saving two pence a week, it has been the practice of cooperators to raise among themselves the capital necessary for any enterprise.

199

200 Childs, SMW, 64

201 Ibid, 60

202 Warbasse, CD, 70

202 Fowler, CCA, 243-244

203 Consumers' Cooperation, XXII, (Dec. 1936) 203





This practice has had the distinct advantage of keeping the control of every cooperative in the hands of its member purchasers for it is almost axiomatic that "whoever finances a business controls it." To use capital borrowed from outside the membership, whether from an individual, a bank, or the government, is to enslave a cooperative and to limit its freedom by subjecting it to the ever-present possibility of domination by those who may be unfriendly to its aims. Within the membership the domination of large investors is prevented and democracy of control is maintained by the Rochdale principle which allows "each member to have one vote and no more" regardless of the number of shares of stock owned. Furthermore, some states, Massachusetts among them, specify by law that "no stockholder shall own shares of a greater par value than one-tenth of the total par value of the capital stock."<sup>204</sup>

In addition to raising their initial capital among themselves and establishing democracy of ownership and control, the Rochdale Pioneers also provided for the continuous expansion of their cooperative store by selling their goods at the current market price rather than at cost, thus accumulating surpluses some of which they set aside in a reserve fund before paying patronage rebates to the purchasers. In Massachusetts, the law requires that "no distribution shall be made, unless at least ten per cent of the net profits have been appropriated for a contingent or sinking fund, until an amount has accumulated equal to thirty per cent of its capital stock issued and outstanding."<sup>205</sup>

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<sup>204</sup> Commonwealth of Massachusetts, General Laws Relating to Corporations, Chap. 157, Sec. 4, "Co-operative Corporations"

<sup>205</sup> Loc. cit. Tercentenary Edition.

1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present. The author points out that the United States has a long and complex history, and that it is important to understand the events and people that have shaped the country. The author also discusses the role of the government in the development of the country, and the importance of the Constitution. The author concludes that the study of the history of the United States is a vital part of the education of every citizen.

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These reserve funds of cooperative stores together with the surpluses which are accumulated by credit unions and life insurance cooperatives furnish a source of capital for the continuous expansion of the movement. It was in this way that the Ohio Farm Bureau expanded from automobile insurance to fire insurance and later to life insurance.<sup>206</sup> Still greater sources of cooperative capital can be provided by the formation of a central Credit Union Bank in which the large, well-established Credit Unions can deposit their surplus, and from which small Credit Unions can borrow.<sup>207</sup> In addition, National Cooperatives, Inc. might well develop in the United States a bank similar to that of the English Cooperative Wholesale Society.<sup>208</sup> This would be a logical function of National Cooperatives, Inc., for one of its purposes is as follows:

"To assist in the organization, financing, or operation of any consumers' cooperative enterprise and, in general, to promote and extend cooperative purchasing, manufacturing, production and distribution of goods and/or services among consumers." <sup>209</sup>

In case these cooperative sources of capital are insufficient to meet the national need for the expansion of cooperatives, it may be necessary for the movement to accept credit from the Federal Government. That such credit may become available is indicated by the fact that President Roosevelt's Commission which studied cooperatives in Europe in 1936 has recommended that "steps be taken to assure consumer cooperatives of credit parity." <sup>210</sup>

<sup>206</sup> Pages 63-64 of this thesis.

<sup>207</sup> Fowler, CCA, 134-135

<sup>208</sup> Pages 44-45, this thesis

<sup>209</sup> Cooperative League Yearbook 1936, 64

<sup>210</sup> Christian Science Monitor, XXIX, Mar. 12, 1937, 1

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The contribution of consumers' cooperation to the solution of current social and economic problems will depend not only upon the existence of particular areas where expansion is needed and upon the availability of capital for new enterprises, but also upon the securing of efficient management for the operation of the more complicated processes of modern, large-scale production and distribution. To meet this need Edward A. Filene, the Boston merchant and philanthropist, who promoted the Credit Union movement in the United States, has now given \$1,000,000 for the initial capitalization of the Consumer Distribution Corporation as a means of developing a chain of consumer-owned cooperative department stores. The Consumer Distribution Corporation will function as a purchasing and management unit for the retail stores which the consumers themselves must organize and own.

- "1. It will employ the best experts, most competent organizers and managers for both the central organization and the stores belonging to the league.
2. It will assist local consumers in organizing their own department store.
3. It will supply efficient management to run the store under the supervision of a local board of directors who shall be elected by the consumer-owners in the area.
4. It will obtain the economies of centralized purchasing for all of the locally-owned stores in the league, thus giving each individual store all goods as cheaply as any of the big chains can supply such goods to its own units.
5. It will organize and operate a centralized bureau to make available to consumers accurate information as to the quality and value of the merchandise sold in their stores.
6. It will organize a bureau for the development and expansion of service through the local cooperative department store to small stores which deal in food and other necessities in adjacent localities or adjacent communities.
7. It will supply all needed services such as research, personnel, public relations (including advertising), finance, etc." 211

211

The Need for Consumer Cooperation and a Plan for Its Expansion. Consumer Distribution Corporation. pp.15-16



1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that the study of the history of the United States is essential for a full understanding of the country and its people. The paper then discusses the various methods used by historians to study the past, including the use of primary and secondary sources, and the importance of critical thinking in the study of history.

2. The second part of the paper discusses the role of the federal government in the development of the United States. It is argued that the federal government has played a central role in the development of the country, and that its actions have shaped the course of American history. The paper then discusses the various policies and programs of the federal government, and the impact of these policies on the country.

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5. The fifth part of the paper discusses the role of the future in the development of the United States. It is argued that the future is a central part of the development of the country, and that our actions today will shape the course of American history. The paper then discusses the various policies and programs of the future, and the impact of these policies on the country.

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After at least five years of direct managerial control over the local stores, the Consumer Distribution Corporation will begin to be owned by those same local stores, and within ten years it will be completely owned and controlled by the member units. This method of temporary control by a central organization is expected to accelerate the expansion of consumers' cooperation by avoiding the delays involved in the trial and error method through which the cooperators of Sweden and Great Britain gradually progressed from small store management to the department store field.

Neither the urgent need nor the availability of sufficient capital and skilled management can result in the constant expansion of cooperative enterprises unless in addition the consumers themselves become educated to the contribution of cooperation in solving their local, national and international problems. In other words, "education is the keystone of cooperation." Nowhere is this more clearly demonstrated than in the case of the farmers, fishermen, lumberers, and miners of Eastern Nova Scotia who were raised from the depths of poverty and human degradation through the cooperative study clubs organized by the Extension Department of St. Francis Xavier University.

Each study club is composed of from five to fifteen members who select their own leader and meet weekly in the home of one of the members to discuss such subjects as the Principles and Methods of Cooperative Buying and Marketing, Cooperative Finance, and Cooperative Industry. Information on these and other subjects is supplied by the Extension Department of the University through mimeograph material,

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<sup>212</sup> Coady, How St. F.X. University Educates for Action, 10-12

The first part of the paper discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

The second part of the paper presents the results of the study. It includes a detailed analysis of the data and a discussion of the findings.

The third part of the paper discusses the implications of the study and provides recommendations for future research. It also includes a conclusion and a list of references.

The fourth part of the paper provides a detailed analysis of the data and a discussion of the findings. It includes a table of results and a graph showing the trends over time.

The fifth part of the paper discusses the implications of the study and provides recommendations for future research. It also includes a conclusion and a list of references.

a bi-monthly Bulletin, a traveling library of twenty-five books per box and an Open Shelf Library. About once a month the various clubs in each community unite in a general meeting to record progress, renew interest, and exchange ideas and experiences. The members of the Extension Department have addressed over 500 meetings with a total attendance of over 25,000 persons. About 950 study clubs have been established with a total membership of 7,256. In 1933 seventy of these clubs participated in an inter-club debating league, and in 1934 over two hundred joined in a public speaking contest. During the past two years, the University has conducted for leaders a special six-week school offering courses in "business arithmetic, business English, bookkeeping, citizenship, elementary economics, history, principles of cooperation, programs, public speaking, and debating."<sup>213</sup> As a direct result of this cooperative educational program, there have been established twenty-seven credit unions, twelve cooperative lobster factories, five fish processing plants, six cooperative stores, ten marketing agencies, ten buying circles, and five handicraft guilds.<sup>214</sup> Dr. M. M. Coady, Director of the Extension Department, has correctly characterized cooperation as "a method by which people climb up into the driver's seat and get control of the steering wheel of their own economic destiny."

In Denmark the foundation for a widespread development of agricultural cooperatives was laid by Bishop N.F.S. Grundtvig, a clergyman, educator and prophet who developed the folk high schools or people's

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<sup>213</sup> Ibid, 13

<sup>214</sup> Ibid, 14

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colleges which have been attended by one-fourth of the rural youth.<sup>215</sup> From widespread tenancy Denmark has progressed until today ninety-seven per cent of the farmers own their own land as compared with only fifty-eight per cent in the United States.<sup>216</sup> Furthermore, "eighty-five percent of the farms and rural homes are electrified, enjoying central station service, as against only 11.6 percent of the farms in the United States."<sup>217</sup>

In Sweden, K.F. furnished Cooperative Groups with study courses on ten main topics as follows: "'Cooperation': 'The Production of Electric Lamps'; 'The Problem of Monopolies'; 'Cooperation and Agriculture'; 'The Financial State of Societies'; 'Cooperation and the Economic Life of the Nation'; 'Control, Costs, and Expenses'; 'Domestic Economy'; 'The Housing Problem'; and 'Topical Economic and Cooperative Problems.'"<sup>218</sup> For each course there is a guide-book containing at the end of each chapter three "Capital Questions" which are to be answered after every study meeting and sent to K.F.'s editorial department for correction. Near Stockholm is a cooperative college for the training of executives and administrators.

Cooperators in the United States are developing four educational approaches: first, the Danish Folk School type which trains youth in the philosophy and cultural background of cooperation; second, the technical school or college for the training of cooperative employees and executives; third, the cooperative institutes of which twelve were conducted in the summer of 1936 with an attendance of over 1000 persons;

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<sup>215</sup> Journal of Nat'l Education Assoc., XXVI (Jan. 1937) 23

<sup>216</sup> Headline Book, #8, p. 19

<sup>217</sup> Goldmark and Hollman, DID, iv.

<sup>218</sup> Childs, SMW, 48-49

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and fourth, the Swedish type of study group which has been utilized with such remarkable results by the Extension Department of St. Francis Xavier University.<sup>219</sup>

The Department of Education in the State of Minnesota has prepared curriculum courses on cooperation which are available to schools and adult study groups on request.<sup>220</sup>

"During the summer of 1935, the Wisconsin Legislature passed a bill prescribing that cooperative marketing shall be taught in every common school, and that the state university, teachers colleges, normal schools, and every public high school and vocational school shall prescribe adequate and essential instruction in cooperative marketing and consumers cooperation, and that instruction in cooperation shall be required before any person shall be issued a certificate to teach economics, social studies and agriculture."<sup>221</sup>

Furthermore, the college students of the United States have made their education more practical by organizing two hundred thirty-eight cooperatives chiefly in the form of eating clubs, restaurants, book-stores and dormitories.

In addition to the International Cooperative School conducted at Basel each year since 1921 many European universities have maintained a chair of cooperation. In fact, education is such a vital factor in both the preservation and the expansion of consumers' cooperatives that there has developed the common practice of devoting to education at least five per cent. of the net savings of a cooperative society. Much of this education is achieved through cooperative papers; magazines, and other literature as well as music, drama and motion pictures.

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<sup>219</sup> Fowler, CCA, 195

<sup>220</sup> Journal of the Nat'l Education Assoc. XXIV (Jan. 1937) 25

<sup>221</sup> Randall and Daggett, COACS, Preface

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The importance of consumers' cooperation and especially of its educational program as an evolutionary means of social change cannot be over-emphasized.

Although the cooperative movement is officially neutral in both religion and politics, expansion can be accelerated still further by cooperators who are filled with a social idealism which impels them to give their lives to cooperation with the same intense devotion as martyrs have given their lives for their religion or Communists for their Revolution. Nevertheless, this rapid expansion may tend to include many whose motives are less altruistic than those of the early pioneers. Furthermore, consumers' cooperation is simply a method which can be used for anti-social as well as social ends.

In other words, to hasten the expansion of cooperation and then to prevent that expansion from resulting in degeneration, it will be necessary to infuse the whole movement with members who are Christian not necessarily in belief or creed, but in behavior and conduct. To meet this need the Christian Cooperative Fellowship in North America has been formed as a voluntary, unofficial organization for relating the members of Protestant Churches to the cooperative movement. It aims to make Christianity cooperative and to make cooperatives Christian.

In spite of the fact that consumers' cooperation is a non-violent, evolutionary method of social and economic change relying solely on education, persuasion and democratic procedure, some preservers of the status quo, fearing the loss of their profits, may oppose coopera-



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5. The fifth part of the paper discusses the limitations of the study and the areas for future research.

6. The sixth part of the paper discusses the contributions of the study to the field of research.

7. The seventh part of the paper discusses the practical applications of the study.

8. The eighth part of the paper discusses the overall findings of the study and the conclusions drawn from the research.

tives with bitterness, violence and even a fascist dictatorship. The following letter sent by a certain coal dealers' association to its members reveals the attitude of some private business-men toward consumers' cooperation:

"COAL DEALERS' ASSOCIATION

Subject: Consumer Cooperatives

"TO OUR MEMBERS:

You have heard and will hear more about Consumer Cooperatives. Just how anyone can believe that all business can be carried on without any profit is beyond us. The Chicago Journal of Commerce under date of May 7 had an article written by George Brolin which refers to public statements made by Kline Roberts before several Retail Dealers' Associations in the middle west, and we quote from this article.

'Mr. Roberts declares the consumers cooperative movement is the product of communistic propaganda and predicts that if the radicals supporting the movement succeed in what they are advocating 'the result will be just as ruinous, just as catastrophic as though they were working openly under the banner of the Third Internationale and Stalin himself.'

'The proponents say, he states, 'that the profits of all business should not go to individual owners, but to the consumers themselves. They ban as un-Christian private ownership.'

'Wherever cooperative commonwealths have been established, business, religion, homes and governments have been wrecked and hopelessly ruined for generations. As Chief Justice Charles Evans Hughes says: 'Destructive forces now operating throughout the world may invoke the name of liberty, but their object is not to make men free, but to oppress; not to establish the self-government of a people, but the dictatorship of a class; not to promote the cooperative endeavor of a free community, but to secure an arbitrary control over the lives and liberties of others, albeit through new forms.'

'Mr. Roberts warns that a new cooperative coal yard may be established in any neighborhood anytime with people in churches and universities or schools preaching that it be supported by the public. He declares individual effort cannot meet the menace.

'It calls for and demands industry planning,' Mr. Roberts ex-



plains. 'Business men must throw their strength into local, state and regional organizations as never before in order that their right to the ownership of their business may be protected.'

"Note that above is quoted from a Chicago newspaper. We sent you recently a reprint from the Black Diamond which referred to this movement which is seemingly sponsored by the Federation of Churches. The cooperative movement is an old one: it has been successful in some foreign countries but in very few instances in this country. We know of several cooperative societies that have operated their business successfully on a strictly business basis, but they do not make any claim to be operating a movement for social justice.

"Yours very truly,

President."

If such an attitude results in fascism and its corollary war, or if war precipitates fascism, consumers' cooperation will be destroyed as it has been in Germany and Italy. If, on the other hand, cooperation can expand rapidly enough, it may form a detour around fascism and transform the present economy of enforced scarcity into a new age of abundance which is even now possible. Even while abundance is being achieved, cooperation can be adjusted to changing conditions: first, by establishing a maximum cash dividend on purchases; then by using all surplus savings for social purposes; and eventually by selling at cost and abolishing interest. In conclusion, it may be said that consumers' cooperation can make a most significant contribution to the solution of current social and economic problems provided it expands with sufficient rapidity. The future of civilization may depend on the outcome of the race between chaos and cooperation.

# THE HISTORY OF THE UNITED STATES

OF THE UNITED STATES OF AMERICA  
FROM THE FIRST SETTLEMENTS TO THE PRESENT TIME  
BY J. W. FULTON

NEW YORK: PUBLISHED BY J. W. FULTON, 15 NASSAU ST.

1854.

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## DIGEST OF THE THESIS

The purpose of the investigation has been to evaluate in the light of its actual achievements and logical implications the potential contribution of consumers' cooperation toward the solution of current social and economic problems such as: the relief of the unemployed, the maintaining of fair wages, hours and working conditions for the laborers; the securing of high quality and low prices for the consumers; the restoration of national economic prosperity; the elimination of the causes of recurring depressions; and the removal of the economic causes of war. Cooperation is a method by which people pool their resources to supply their needs. Cooperative societies for production are self-limiting, competitive and profit-seeking, whereas cooperative societies for consumption are universal, non-competitive, and service-supplying.

The industrial revolution brought such misery to the factory workers of England that Robert Owen and William King advocated cooperation as a means of relief. In 1844 twenty-eight weavers of Rochdale established a cooperative store on the following principles: selling at the current market prices, limited interest on capital, distribution of profits in proportion to purchases, selling for cash only, open membership, one member -one vote, neutrality in race, religion and politics, constant education and continuous expansion. The store succeeded and similar cooperatives were organized in other communities.



During the depression beginning in 1929, many unemployed groups in the United States used cooperation as a means of mutual self-help in exchanging surplus labor for surplus food. In Arkansas, Sherwood Eddy found sharecroppers who had been evicted from their homes and threatened with lynching because of their membership in the Southern Tenant Farmers Union. He helped to secure a farm at Hillhouse, Mississippi, where these former sharecroppers, both negro and white, are working out their economic salvation on four principles, as follows: "efficiency in production and economy in finance through the cooperative principle, participation in the building of a socialized economy of abundance, inter-racial justice, and realistic religion as a social dynamic."

The present economic system has developed from land capitalism to commercial capitalism where articles were custom-made and the buyer met the seller face to face. The industrial revolution drove a depersonalizing wedge of private profit not only between producer and consumer, but also between the machine owner and the machine operator. Industrial capitalism changed to imperialistic capitalism because the workers were never paid enough to buy back what they produced, and as a result the accumulating surpluses had to be sold abroad if profits were to be secured.

Specialization and large scale production made money and credit so vital that financiers came to control the whole economic system through a web of interlocking directorates. The inevitable concentration of wealth which accompanied private profit-taking resulted

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25. The twenty-fifth part is a report from the Secretary of the War on the state of the War.

26. The twenty-sixth part is a report from the Secretary of the Navy on the state of the Navy.

27. The twenty-seventh part is a report from the Secretary of the Interior on the state of the Interior.

28. The twenty-eighth part is a report from the Secretary of the Agriculture on the state of the Agriculture.

29. The twenty-ninth part is a report from the Secretary of the Commerce on the state of the Commerce.

30. The thirtieth part is a report from the Secretary of the Education on the state of the Education.

in over-investment, under-consumption, and cycles of depression. Recovery from early depressions was attained by increasing demand through the settlement of the western frontier, the foreign markets of the World War, and installment selling. Because no new demand appeared, capital accumulated which could not be invested, speculation ensued, the stock market crashed and depression followed.

The Brookings Report advocates lower prices as a means of increasing purchasing power, but there is a minimum below which prices cannot fall without resulting in failure to pay the fixed rate of interest on debt. Because wages are the only variable item in the costs of production, laborers are hired at the lowest possible price. To prevent starvation wages the workers organized unions. To prevent machines from producing an abundance which could not be sold at a profit, the machine owners organized manufacturers associations to restrict production and fix prices at a profitable level. Thus capitalism was perverted into a system of non-production and artificial scarcity while millions needed the abundance which the natural resources, existing equipment, and customary man-power could have produced.

Consumers' cooperation contributes to the release of production and the creation of abundance by increasing purchasing power through its redistribution of all profits among purchasers. Cooperatives also pay high wages but not exorbitant salaries to executives. By purchasing directly from producers the cooperative consumers can divide among themselves the middlemen's profits. Opposition from





private business simply forces cooperators to enter production and make still greater savings as demonstrated by the oil cooperatives in mid-western United States. Cooperatively organized consumers can still further increase their purchasing power by owning wholesales, factories, transportation facilities, raw materials, banks and insurance companies as demonstrated by the English Cooperative Wholesale Society. The Swedish K.F. has made savings for the entire population by a policy of price-cutting which broke private monopolies in margarine, flour, galoshes, sugar, soap, chocolate, cash registers, fertilizer and electric light bulbs.

Consumers' cooperation makes economic recovery permanent by redistributing ownership as well as purchasing power. Cooperation prevents fraudulent advertising as well as poisonous drugs and food by removing the profit motive which is the incentive of all exploitation. By cooperating, consumers can secure credit, insurance, burial and medical service at less cost.

War which threatens to destroy our civilization is caused by the imperialistic struggle of capitalist nations for the exploitation of foreign markets as an outlet for the surplus goods and capital which cannot be used by those who produced them because private profit-taking has robbed the home market of purchasing power. Furthermore, the nationalistic policy of self-sufficiency through which artificial scarcity is enforced and monopoly profits are maintained by means of tariff walls, not only drives poor nations to seek necessary raw materials through war, but also encourages rich nations to

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1801.

2. The second part is a report from the Secretary of the Treasury, dated January 1, 1801.

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5. The fifth part is a report from the Secretary of the Interior, dated January 1, 1801.

6. The sixth part is a report from the Secretary of the State, dated January 1, 1801.

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9. The ninth part is a report from the Secretary of the Treasury, dated January 1, 1801.

10. The tenth part is a report from the Secretary of the State, dated January 1, 1801.

11. The eleventh part is a report from the Secretary of the War, dated January 1, 1801.

12. The twelfth part is a report from the Secretary of the Navy, dated January 1, 1801.

13. The thirteenth part is a report from the Secretary of the Treasury, dated January 1, 1801.

14. The fourteenth part is a report from the Secretary of the State, dated January 1, 1801.

use war as a means of reviving business through the wholesale destruction of surplus capital, commodities and men. Consumers' cooperation can aid international peace by breaking monopolies and building a system of production for use under which trade may become the peaceful exchange of commodities through the International Cooperative Wholesale Society.

The contribution of consumers' cooperation toward local relief, national recovery, and international peace, depends upon rapid expansion. This growth is hastened by urgent need, an available avenue of development, sufficient capital, skilled management, education, social idealism and freedom from fascism.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend in the relationship between the variables studied.

4. The fourth part of the document discusses the implications of the findings and provides recommendations for future research. It suggests that further studies should be conducted to explore the underlying mechanisms of the observed phenomena.

5. The fifth part of the document is a conclusion that summarizes the main points of the study. It reiterates the importance of the research and the need for continued investigation in this field.



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